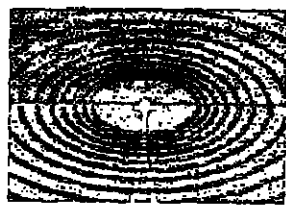




**Riding a tiger**  
Is China's economy heading for a fall?  
Page 17



**Now you see it...**  
Altering the broadcast image  
Technology, Page 12



**Italian banking**  
An industry changing shape  
Page 22



**TOMORROW'S**  
Weekend FT  
Germany: a home with no wall

# FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY, NOVEMBER 4, 1994



## UK government forced to scrap Post Office sale

The privatisation programme of Britain's government was thrown into chaos yesterday with the cancellation of plans to float off parts of the state-owned Post Office. The policy retreat came because a few members of parliament belonging to the ruling Conservative party made plain they would not support the sell-off. With only a small majority in the House of Commons, the cabinet had no choice but to back down. Page 16

**Bosnian Serbs lose key town:** Bosnian Serbs said they had lost control of the central Bosnian town of Kupres. The UN reported that Bosnian Serbs faced attacks across the republic as Croat militia joined a Bosnian government offensive. Page 2

**Troubles deepen for EuroDisneyland**  
Dwindling visitor numbers and continuing losses spelled more problems for Mickey Mouse at EuroDisneyland yesterday. The Paris-based theme park reported a loss of FF1.8bn (\$348.4m) to the end of this September compared with a FF1.3bn loss the previous year, while attendance figures fell more than 10 per cent. But the losses were in line with analysts' expectations and Euro Disney's shares gained FF125 in Paris to close at FF785. Page 19; Lex, Page 18

**US aims for early Gatt exit:** The US plans to leave the General Agreement on Tariffs and Trade early next year provided Congress ratifies the deal setting up Gatt's successor, the World Trade Organisation. Page 6

**Bell Atlantic of the US and France Telecom** are to bid jointly for part of the Czech Republic's state telecommunications company. Initial bids for 27 per cent of SPT Telecom are due in December. Page 19

**Norwegian airliner hijacked:** A man thought to be a Bosnian hijacked a Norwegian domestic flight to Oslo and demanded humanitarian aid for the war-ravaged former Yugoslav republic. Negotiations with police continued last night.

**Boots bumps up profits:** The UK drugs and retail group boosted first-half profits by 65 per cent to £228.7m (\$475m) on buoyant demand for branded drugs and a 54.7m gain from selling Parleys baby foods. Page 20; Lex, Page 18; Background, Page 18

**Shipbuilders' swansong:** Workers at the Swan Hunter shipyard in north-east England watched the launch of their last ship. Unless a buyer is found for the yard, yesterday's launch will be Swan Hunter's last. Page 7

**Hollywood to the rescue:** Hollywood's big film studios have agreed to help boost Europe's film industry with cash for training and by co-operating on dubbing and distribution projects.

**Swedish packaging deal:** AssiDomän is to buy MoDo Packaging from fellow Swedish pulp and paper group MoDo in a deal worth SKr1.2bn (£167.2m). Page 19

**Dutch soccer hooligans held:** German police detained about 250 drunken Dutch soccer hooligans who ran riot on a German train on their way to a match in Bremen.

**Aid agencies may quit:** Relief agencies threatened to pull out of camps in Zaire for Rwandan refugees unless there was international action to break the rule of terror there by Hutu leaders and their militias.

**UK tightens controls:** Britain announced stricter controls for foreign fish factory ships as pollution experts tried to remove oil from a Russian factory vessel that ran aground off Scotland.

**Helicopter vanishes:** A helicopter carrying eight people, several guns and 130lb of gold disappeared in Russia's far east. Snowstorms were hampering the search for the aircraft.

**Breastfeeding 'saves lives':** A million lives a year could be saved if more mothers breastfed their babies, but governments were not doing enough to encourage them, the Lancet medical journal said. It urged policymakers and agencies to teach mothers the benefits of breastfeeding.

**McDog has its day:** Fast food chain McDonald's lost its legal bid to get a Munich court to ban a German pet food manufacturer from calling its products McDog and McCat.

STOCK MARKET INDICES		STERLING	
FT-SE 100	3,184.4 (+23.1)	New York headline	1,812.5
Yield	4.1	London	1,817.5 (1,642.5)
FT-SE 100	3,125.53 (+0.52)	DM	2,468.9 (2,454.8)
FT-SE-A All-Share	1,548.02 (+0.99)	FF	8,402.5 (8,415.3)
Nikkei	14,010.00 (+1.00)	Sfr	2,050.2 (2,045.1)
New York headline	1,812.5 (+1.1)	Y	157.576 (158.028)
Dow Jones Ind Ave	3,948.23 (+11.7)	Z Index	80.9 (81.1)
S&P Composite	457.28 (+1.37)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	4.75%	New York headline	1,812.5
3-mo Treas Bill Yld	5.207%	DM	1,923
Long Bond	8.9%	Yfr	5,229
Yield	8.85%	Sfr	1,272.5
LONDON MONEY		Y	98.175
3-mo interbank	4.5 (8.2%)	London	1,574.8 (1,484.8)
Libor 6m bill	Dec 1003 (Dec 1013)	DM	5,194.8 (5,122.2)
NORTH SEA OIL (Argus)		Sfr	1,287.5 (1,245)
Brent 15-day (Dec)	\$17.58 (17.25)	Y	97.885 (98.205)
Gold		\$ Index	61.4 (61.6)
New York Comex	\$384.4 (385.5)	Tokyo closed	
London	\$383.7 (384.8)		

Austria	100.00	Greece	100.00	India	100.00	Qatar	100.00
Belgium	100.00	Hong Kong	100.00	Malaysia	100.00	Singapore	100.00
Denmark	100.00	Italy	100.00	Mexico	100.00	Spain	100.00
France	100.00	Japan	100.00	Netherlands	100.00	Sweden	100.00
Germany	100.00	Korea	100.00	Philippines	100.00	Switzerland	100.00
Greece	100.00	Malaysia	100.00	Portugal	100.00	Thailand	100.00
Italy	100.00	Netherlands	100.00	Saudi Arabia	100.00	UK	100.00
Japan	100.00	Philippines	100.00	Singapore	100.00	US	100.00
Korea	100.00	Portugal	100.00	Spain	100.00		
Malaysia	100.00	Saudi Arabia	100.00	Sweden	100.00		
Netherlands	100.00	Singapore	100.00	Switzerland	100.00		
Philippines	100.00	Spain	100.00	Thailand	100.00		
Portugal	100.00	Sweden	100.00	UK	100.00		
Saudi Arabia	100.00	Switzerland	100.00	US	100.00		
Singapore	100.00	Thailand	100.00				
Spain	100.00	UK	100.00				
Sweden	100.00	US	100.00				
Switzerland	100.00						
Thailand	100.00						
UK	100.00						
US	100.00						

## Mavrodi shares his grand ambitions



Sergei Mavrodi: grand ambitions

By John Lloyd in Moscow

Mr Sergei Mavrodi, chairman of the MMM financial company whose rise and fall this year made him the symbol of Russian capitalism, said yesterday that he would offer British investors the chance to buy into his notorious pyramid schemes.

"The tickets (share coupons) are now being printed. We really mean to do it. I could operate successfully in Britain, and you will see that for yourself soon," he told a press conference yesterday. He obviously has grander ambitions, taking seriously a humorous question about his presidential intentions. The plumpish Mr Mavrodi

would be lost in a crowd but has found a large role for himself in the new Russia. He won fame with AO MMM, which promised and, initially, paid gains to a claimed 10m customers in a crumbling pyramid scheme that made him a folk hero.

Since the beginning of the year MMM had promised - and to many delivered - wealth through the purchase of shares whose face value rose from Rbl1,600 in February to Rbl115,000 by July. But the "shares" were quoted on no exchange, invested in nothing and rose by fiat of MMM and Mr Mavrodi.

MMM seemed to have no means of making money other than the constant selling of its

rapidly rising shares. After a triple salvo of government warnings on its solvency it admitted that the shares would not be redeemed until the beginning of next year, but he remains in the moon-promising business.

"There is no need to panic," he said. "In two months I will put MMM in order and then the shareholders will gain once more. Look, you only have to go to our selling points to see the thousands of people queuing up to buy the new shares - more than ever before."

His first task as a parliamentarian, he said, is to heal MMM. He has delegated the task of

by several thousand shareholders outside his offices earlier this week when MMM announced that the shares would not be redeemed until the beginning of next year, but he remains in the moon-promising business.

"There is no need to panic," he said. "In two months I will put MMM in order and then the shareholders will gain once more. Look, you only have to go to our selling points to see the thousands of people queuing up to buy the new shares - more than ever before."

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## Germany probes leak of industrial figures

By Christopher Parkes in Frankfurt

The German economics ministry is probing leaks of market-sensitive data, following a complaint from a foreign bank that German rivals had prior knowledge of industrial orders figures published yesterday.

Federal bond prices slipped as accurate reports of the stronger-than-expected data circulated before the official publication time.

It also emerged yesterday that leaks of monthly orders and industrial production figures, both the responsibility of the economics ministry, had been occurring for some months.

"This is now a normal thing with economics ministry figures," said Mr Holger Fahrbrink, an economist at UBS in Frankfurt. "Our futures traders regularly come in to us with 'rumours' that turn out to be exactly right."

"In a civilised country all indicators driving the markets should be kept secret. The only fair way is for us all to be told at the same time," he said.

"It happens rather a lot," said Mr Stephen King, an economist with James Capel in London. "Whether it's serious or not depends on who is doing it and if anyone is making any money out of it."

"But things are a complete mess. Look at the quality of the data," he added, referring to industrial output figures, issued on Wednesday, which carried a warning that a preliminary 0.2 per cent decline in output was likely to be revised upwards by at least 2 full percentage points.

Analysts said the economics ministry should start the leaks probe in its own offices, since other key indicators such as money supply and inflation figures issued by the Bundesbank or the federal statistics office were never leaked.

Raw numbers generated by the statistics office were first passed to the central bank for seasonal adjustment and then transmitted to the ministry for publication. Yesterday's information was

Joint chief executive to depart after 33 years at helm of conglomerate

## Rowland to leave Lonrho board after battle with Bock

By Robert Peston in London

Mr Tiny Rowland is to retire from the board of Lonrho, following a protracted and bitter struggle with his fellow joint chief executive, Mr Dieter Bock.

His departure after 33 years at the helm of the international conglomerate will remove from the UK corporate scene one of its most controversial and charismatic characters. Mr Rowland, who was described by former prime minister Mr Edward Heath as the "unacceptable face of capitalism", created virtually from scratch a global trading group encompassing mines in Africa, a chain of international hotels and a complex web of other interests.

After two days of tense negotiations between the warring chief executives, Mr Rowland yesterday agreed to surrender his executive responsibilities at the end of the year and to retire from the board altogether in March.

If shareholders agree, he will then be given the honorary title of president, allowing him to continue to visit African and Middle Eastern heads of state in the company Gulfstream jet.

Mr Rowland, who is 76, has fought off previous attempts to remove him from the company, but his colleagues said yesterday that the battle appeared to have been won by Mr Bock. "The papers are signed," said one. "It is a done deal."

According to a Lonrho director, Mr Rowland's reaction when told

two days ago that a majority of the board were in favour of his departure was: "I will see you in hell first." But it was made clear to Mr Rowland by the company's chairman, Sir John Leahy, that "he had no option".

In the previous few days, Sir John - a retired diplomat who is only a temporary chairman - had taken informal soundings from

Lex ..... Page 18

Out of Africa and into battle ..... Page 25

the board. Directors were resolved to offer Mr Rowland the "opportunity to make an elegant exit", according to a financier.

They were equally determined not to take "no" for an answer.

Mr Rowland will continue to receive his current salary, of £1.24m, plus expenses and benefits until the end of next year. His "benefits" last year included £470,000 (\$770,800) contributions to the costs of running homes in London and Buckinghamshire. His business expenses were more than £1m.

Mr Paul Spicer, a longstanding ally of Mr Rowland who retired from Lonrho's board earlier this year, said that his old friend had achieved one significant victory. Under a new arrangement relating to Mr Rowland's 8.5 per cent shareholding in the company, Mr Bock - who holds 18.8 per cent - no longer has the right to force

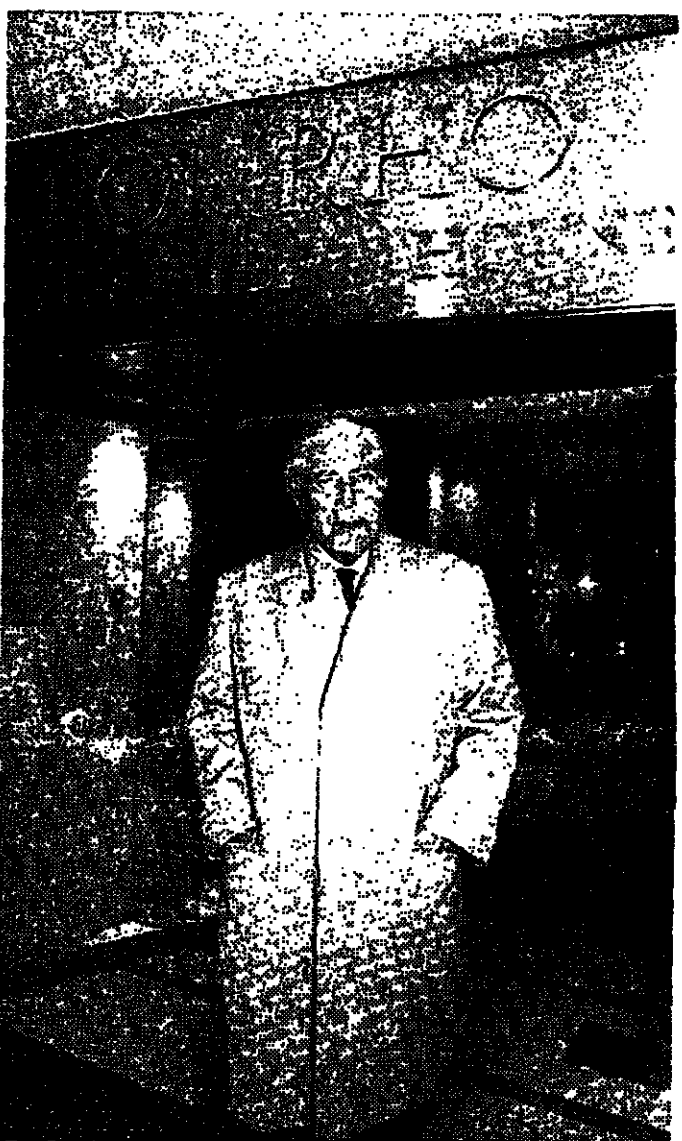
Mr Rowland to sell his shares on leaving the company or at the end of next year. Mr Spicer said: "He did not want to leave them [the shares] under the control of Mr Bock."

The historic contract paving the way for Mr Rowland's departure was signed by him at 4pm yesterday. It was ratified by the board at a meeting which began at 4.30pm and which Mr Rowland did not attend.

Mr Bock, who joined Lonrho at the start of 1983 when he bought his stake in the company, has had an uneasy relationship with Mr Rowland for more than a year. He felt his plans to reorganise Lonrho, which owns about 500 separate companies, were being frustrated by Mr Rowland.

He launched an abortive coup two months ago to oust Mr Rowland. Hours before September's board meeting he backed off from proposing that Mr Rowland should step down, when he became concerned that he could not count on the support of a majority. Since then, two of Mr Rowland's closest supporters have resigned from the board.

Mr Rowland has revealed throughout his career in battling opponents, from the "Straight Eight" directors who tried to oust him from the board in 1973, to Mr Mohamed Fayed, with whom he was reconciled last year after seven years of feuding over the manner by which Mr Fayed bought House of Fraser department store in London.



Tiny Rowland leaves Lonrho's headquarters yesterday

Anthony Redwood

## Fed wins respite for ailing dollar ahead of jobs report

By Philip Gawth in London

The US Federal Reserve yesterday intervened in the currency markets for the second day running to support the ailing dollar.

Analysts said intervention had gained the dollar a short-term respite, without arresting the predominantly bearish sentiment towards the currency. Thin market conditions allowed the Fed to push the dollar higher.

However, the US currency faces an important test today with the publication of the monthly employment report. Financial markets regard the report as an inflationary indicator, and concern about rising inflation in the US is a main factor behind dollar weakness.

The Fed's action follows repeated intervention on Wednesday after the dollar fell to a low of Y86.05. Mr Lloyd Bentsen, the US Treasury secretary, warned on Wednesday: "Continuation of recent foreign exchange trends would be counterproductive for

the US and the world economy." Earlier in the year the administration came under fire for pursuing a policy of benign neglect towards the dollar. Critics said the US was using a cheap dollar to win greater access to Japanese

London stocks ..... Page 41

Currencies ..... Page 46

World stocks ..... Page 50

markets. Mr Bentsen and the administration have since sought to stress that the administration favours a stronger dollar.

The Fed first intervened yesterday towards the close of European trading, buying dollars at Y97.90 and DM1.5155, and then continued to buy at regular intervals. The intervention lifted the dollar to Y98 and DM1.5225 in afternoon trading in New York.

The US central bank appeared to be following a familiar pattern of buying dollars in waves through about 15 separate banks.

in lots of about \$10m per bank. Traders estimated that the Fed spent \$1bn-\$1.5bn buying dollars in Wednesday's intervention.

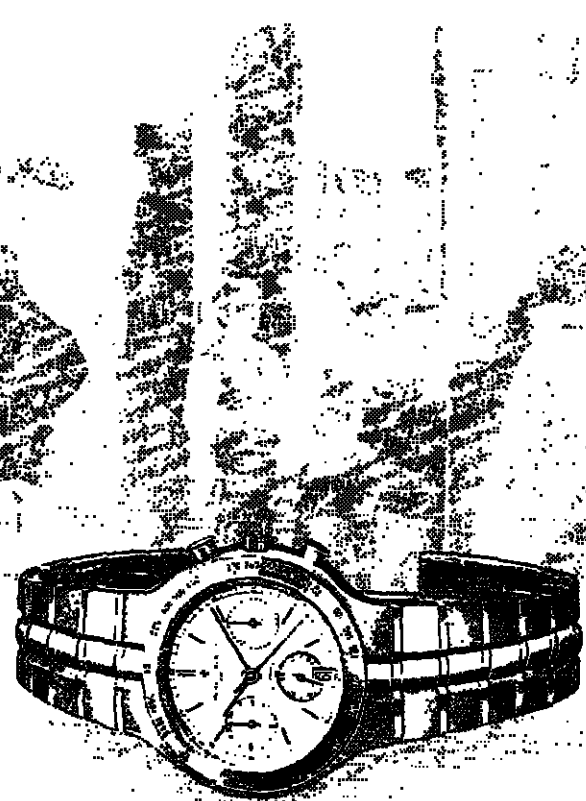
There is fairly widespread scepticism about the benefits of intervention without supportive monetary policy changes. Many believe the dollar will fall lower if not supported by higher US interest rates.

Many analysts expect the Fed to tighten monetary policy, lifting short-term interest rates by at least 50 basis points. If today's employment report shows continued strong economic growth.

Mr Robin Marshall, chief economist at Chase Manhattan in London, noted that "\$25bn of Bank of Japan intervention through the year has massively exceeded Fed intervention, without turning the dollar trend".

Two reasons cited for the intervention were the US Treasury's desire not to have the dollar at record lows next week when US mid-term congressional elections, and the quarterly treasury refunding, take place.

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## Strike-hit Iberia's staff seek sacking of bosses

By Tom Burns in Madrid

The Spanish government is under strong pressure to sack the chairman of INI, the public sector holding which owns Iberia, the state airline, together with some of the airline's senior executives after most flights were grounded yesterday in a worsening pay dispute.

Amid signs that the two main unions which called yesterday's stoppage risk losing control over the dispute, minority unions, representing ground staff as well as cabin crew, have called for partial stoppages today and more strikes over the next month.

Iberia has warned that an escalation of the protest, called to demand overdue back pay and in protest at proposed staff and salary cuts, would cripple the company financially. The airline is due to declare losses of Ptas44bn (£261m) this year and yesterday's stoppage is estimated to have cost Iberia up to Ptas1bn in lost revenue.

In a new twist to the dispute, the airline's middle management has taken the unprecedented step of calling on the government to remove senior executives of both INI and Iberia. More than 500 of Iberia's 1,300-strong technical and intermediate level personnel signed a letter to the industry minister blaming senior management for the company's difficulties, and stressing that no viability plan would be accepted by the airline's staff while they remained in place.

A spokesman for the organisers of the petition said there was now a serious risk that the dispute could run out of control because hardline minority unions were planning new stoppages and undermining the authority of the socialist-led General Workers Union and the communist-dominated Workers' Commissions union, which had jointly initiated the strike action.

"Unless there is a big top-level shake-up this strike is going to match in violence the one at Air France last year," the spokesman said.

The October 1993 Air France strike cost Mr Bernard Attali his job as the airline's chairman and forced the French government to revise drastic spending cuts for the company which were similar to those envisaged now by Iberia.

The airline has proposed pay cuts averaging 15 per cent over the next three years, accompanied by 2,000 further job cuts as part of a viability plan which combines reducing operating costs by 10 per cent with a capital injection of Ptas25bn (£153m).

The targets of employee anger are Mr Juan Saenz, who was appointed Iberia's managing director last year, and Mr Javier Salas, the chairman of INI and, since September 1993, also president of Iberia.

As INI chairman Mr Salas endorsed an ambitious airline investment programme by Iberia in Latin America which lies at the heart of the company's present financial difficulties, INI is now seeking authorisation from the European Union to use subsidies for the recapitalisation.

The industry minister, Mr Juan Manuel Eguiguren, who is responsible for INI and has an ultimatum say over Iberia and the group's other companies, is understood to be increasingly dissatisfied with INI's leadership. Criticism of the public sector holding company is also rife among members of the government's economic team, appalled at its mounting losses - Ptas125bn in 1993, up from Ptas72bn the previous year.

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Turkish artillery targeting Kurd hideouts during the previous offensive. For a month Turkish forces have been attacking guerrilla positions in Tunceli province

## Turks turn full force of rage on Kurds

John Barham reports on one of the biggest offensives in 10 years of war against the PKK

Turkey's security forces have launched one of their largest offensives yet in the 10-year war against guerrillas of the separatist Kurdistan Workers' party (PKK). They aim to crush the insurgency in the heavily Kurdish south-east once and for all by destroying the PKK's stores and supply routes before winter sets in.

The month-old campaign is the climax of Prime Minister Tansu Ciller's hardline anti-PKK policy. She abandoned former President Turgut Ozal's search for reconciliation on taking office in June 1993, just after guerrillas ended a short-lived ceasefire by massacring 32 unarmed soldiers.

But the conflict not only costs lives - 13,000 have died since fighting started in 1984 - it is also warping society, undermining the economy and distancing Turkey from its western allies.

The cost of fighting the PKK - estimated at \$3bn-\$7bn a year - is bankrupting the government, which finances its deficits by borrowing and printing money.

For a month, helicopters and jets have blasted away at suspected rebel hideouts in the rugged Munzur mountains of

Tunceli province. Troops and guerrillas are clashing daily.

The government claims the offensive is working. Troops have seized caches of stores and the army says guerrillas are surrendering at a rate of two or three a day. Mr David Haner, Tunceli's assistant governor, is confident that "sooner or later" the PKK will be eliminated.

Few western analysts would agree. Previous "final offensives" have failed. Half Turkey's 500,000-strong army is based in the south-east, but the PKK, probably numbering less than 20,000, battles on.

Turkish conscripts are poorly trained, badly motivated and do not know the region. The PKK generally keeps the initiative, raiding villages and military outposts. Large areas of the south-east are no-go areas. Harsh mountain terrain provides well-protected staging areas and cover from air attack. Turkey's enemies, notably Syria, have armed and trained the PKK.

Far from winning hearts and minds, crack anti-guerrilla "special teams" are hated for their brutality. The army's strategy of razing villages to deny them to the PKK further alienates local populations. Mr

Musa Tok, a 70-year-old Kurdish peasant who fled his village near Tunceli, said: "Soldiers gave me 10 days to clear out. What can I do? My father died defending Turkey and now I am being moved off my land."

A US human rights campaigner says that the PKK is probably more brutal than the army. "But the army has totally over-reacted and driven

Turkey's pro-Kurdish Hadeep party announced yesterday that it would not participate in elections next month to fill 22 seats in parliament, citing "negative and anti-democratic conditions", writes John Barham in Ankara.

The decision followed a threat issued on Wednesday by separatist PKK guerrillas that candidates fighting the elections would be targeted.

a basically apathetic people towards the PKK."

Each new PKK outrage increases support for tougher action. In September, guerrillas murdered six teachers for teaching in Turkish rather than Kurdish.

Ominously, Mrs Ciller's uncompromising approach is one of her weak coalition government's few popular policies.

She is dragging her feet on promises to reform security laws that allow police to detain anyone suspected of the vaguely-defined crimes of "separatism" or terrorism. By giving the generals responsibility for eliminating the PKK, she has further entrenched their considerable political power. Last month the army prevented Turkish MPs - including the deputy prime minister - from visiting areas of Tunceli where, according to media reports, troops were burning villages.

Remarkably, these reports sparked an anguished public debate over army operations in the south-east. Until now, most Turks have viewed the army as guiltless in its fight against the PKK. Yet Amnesty International has often accused the security forces of exacting fear-some reprisals on civilians for guerrilla attacks. It also suspects security forces of torturing and assassinating opposition activists.

Human rights violations disturb Turkey's allies. The US has cut aid to Turkey. In October, the European parliament suspended ties with Turkey's parliament in protest at the treason trial of 15 Kurdish MPs. Strasbourg is demanding

the right to debate ratification of the customs union with Turkey scheduled for 1996. If it does so, it could well reject the customs union, a cornerstone of Turkish foreign policy.

Western governments repeatedly tell Turkish officials that a purely military approach cannot work. They urge the government to isolate the PKK by offering regional autonomy and allowing education and broadcasting in Kurdish.

But Mr Evet Tezcan, a foreign ministry official, says: "We are going to fight. There is no other way out. Europe should understand that this is a question of our survival [as a state]."

The south-east is Turkey's most backward region, still in the grip of feudal landlords. Although the government spends lavishly on infrastructure in the region, notably the \$10bn GAP hydroelectric project, the expenditure benefits few local people.

Mr Mazlum Arslan, Tunceli's moderate mayor, says: "As well as fighting terrorism, the government must provide jobs, roads, freedom and democracy. We are all totally against terrorism. But if you do not provide this, you [justify] them."

## Cypriots join in the Aegean war of words

By Bruce Clark, Diplomatic Correspondent

The gap between Greek-Cypriot and Turkish-Cypriot positions over the island's future is widening ominously, at a time when Athens and Ankara are already squaring off over territorial rights in the Aegean.

Greek-Cypriot officials have in the last few days accused both the Turkish Cypriots and Ankara of renouncing the 1977 and 1979 agreements - calling for the island to be reunited as

a bi-zonal federation - which have served as the basis for all subsequent negotiations.

Leaders of the island's Greek Cypriot majority have always argued for a full-blooded federation as possible, while the Turkish Cypriots want relatively loose ties between mainly Greek and mainly Turkish zones.

Until recently, UN-sponsored negotiations have proceeded on the basis that a federal Cyprus would be a sovereign state, albeit loosely structured.

But Mr Murtaz Soysal, the

new Turkish foreign minister who has called for a tougher stance on Turkish-Greek disputes, caused a sensation in Athens this week by saying that both parts of Cyprus were and would remain sovereign entities.

He said the Cyprus problem was "half-solved already" and all that remained was for the two sides to agree on co-operation in such areas as tourism and the environment.

The Turkish minister's words were denounced by the Cyprus government, although

there was quiet satisfaction among hardline Greek politicians, who have all along doubted the value of reconciliation talks.

"We are at a worse impasse than before," said Mr Alecos Michaelides, foreign minister in the Greek Cypriot government. "They [the Turkish Cypriots] are now abandoning the idea of a federation... and this makes it difficult even to start discussing it."

The Greek Cypriots are now expected to intensify pressure on the UN for a statement that

blames Turkish intransigence for the lack of progress. They are also stepping up their campaign for accession to the European Union, something the Turkish side opposes as long as there is no settlement.

In a separate Greek-Turkish dispute, Mr Soysal has again warned Athens that Turkey will go to war if Greece exercises the option of extending its territorial waters from six miles to 12 after November 16, when a new international law on the sea enters force.

## German parties want to reimpose unification tax

By Judy Dempsey in Bonn

Germany's three potential coalition partners yesterday agreed that a controversial tax surcharge introduced shortly after the reunification of East and West Germany in 1990 and dropped in 1993 should be reimposed.

In negotiations on a coalition programme, the Christian Democratic Union of Chancellor Helmut Kohl, the Christian Social Union, its Bavarian sister party, and the liberal Free Democrats, promised to reduce the state's share of GDP from 51 per cent to 46 per cent by 2000, cut 14,000 federal government jobs, and introduce more privatisation, particularly in the transport sector and telecommunications.

Mr Erwin Huber, general secretary of the CSU, said all par-

ties had agreed that the "solidarity" tax surcharge would be reintroduced next year since it was a crucial instrument to reduce the budget deficit which had swelled following financial transfers of DM150bn (£61bn) to eastern Germany since reunification. The 7.5 per cent income tax surcharge is expected to raise an annual DM27bn to DM28bn. The current deficit is DM68.8bn.

Until yesterday, the FDP had insisted that the coalition impose a timetable for ending the tax, but Mr Theo Waigel said this week it was "unrealistic". FDP officials said they "could live with the compromise" in which the tax will be reviewed annually.

However, Mr Werner Hoyer, general secretary of the FDP, won some other concessions in the party's bid to reduce the

role of the state, cut back the bureaucracy and gain more financial assistance for the Mittelstand, the small and medium-sized enterprises considered the backbone of the German economy.

Massive public works, particularly for the infrastructure in eastern Germany could be thrown open to the private sector.

Mr Peter Hintze, general secretary of the CDU, said the role of the state would be further reduced as the coalition would attempt to scrap or decrease the Fund to make up to \$14bn available to Moscow next year.

Observers believe Mr Yeltsin is now strongly opposed to government plans to peg the currency and bring down inflation to 1 per cent a month next year. The Fund supports the plan and it has latterly attracted the approval of the Group of Seven nations.

## Russian row may hit IMF backing

By John Lloyd in Moscow

Growing hostility between the Russian government and President Boris Yeltsin is threatening to derail ambitious plans by the International Monetary Fund to support the Russian economy next year.

Efforts by the president's Security Council to blame - and possibly remove from office - important economic reformers following an inquiry into the causes of the Russian ruble's dramatic collapse last month may discipline the Fund to make up to \$14bn available to Moscow next year.

Observers believe Mr Yeltsin is now strongly opposed to government plans to peg the currency and bring down inflation to 1 per cent a month next year. The Fund supports the plan and it has latterly attracted the approval of the Group of Seven nations.

The struggle burst into the open yesterday when Mr Alexander Shokhin, deputy prime minister in charge of the economy, said he would not work with candidates now being considered for the post of finance minister who would be drawn from the president's office. He said the tough 1995 budget, backed by Mr Chernomyrdin, was a "unique opportunity" to break the cycle of high inflation which has dogged Russian reform for three years.

The government is preparing a letter of intent which will be the basis on which the IMF would advance loans of up to \$14bn next year to fund the budget deficit and to support the ruble if and when it is pegged to the dollar. Though differences remain between the IMF and the government - on the rate at which the ruble will be pegged and on whether

the stabilisation fund will be lodged with the government or retained under the control of the IMF - the two sides agree on the basic parameters of the budget and on the need for rapid action.

However, opponents of the budget, including Mr Alexander Livshits, an economic advisor to Mr Yeltsin, have said they do not believe the economy can support, or the parliament agree to, such a tough policy - and argue for a target monthly inflation rate of 5 per cent a month next year, an option the government considered and rejected in September. Such a target would be highly unlikely to attract IMF or G7 support.

The opponents have seized the opportunity afforded by the report of the Security Council's commission - completed this week but unpublished - on the events surrounding "Black Tuesday" on October 11, when the ruble lost a quarter of its value in one day.

The report blames the fall on Mr Shokhin, together with the former minister of the economy, Mr Sergei Dubynin, and former central bank governor Mr Victor Geraschenko, along with other officials.

Both Mr Dubynin and Mr Geraschenko resigned last month, while Mr Yeltsin yesterday fired Mr Victor Kravnya, director of the Federal Currency and Export Control Service, for his part in the affair. Mr Shokhin, as the senior remaining economic minister, is now in a precarious position, as is the budget and the reform strategy. G7 officials believe the budget offers a last chance to stabilise the ruble and bring down inflation to allow badly needed domestic and foreign investment.

### EUROPEAN NEWS DIGEST

## Russia protests over submarine

The commander of Russia's Northern Fleet said yesterday a US submarine had been discovered in territorial waters off the Arctic Kola peninsula and had left only after being given several warnings. Admiral Oleg Yeryomenko said the craft had been detected on Wednesday eight kilometres off the entrance to the narrow Kola Bay - which lies 30km from the huge top-secret naval base at Severomorsk, home to the Northern Fleet. The foreign ministry said the craft was located in almost exactly the same spot where the US nuclear submarine *Baton Rouge* crashed into a Russian nuclear submarine in February 1992. However, the Northern Fleet later said the craft's identity had yet to be confirmed.

Admiral Yeryomenko said that, given that Moscow had cut its naval operations, "provocations by western submarines can only spark Russian worry and condemnation." He added: "If foreign submarines continue to carry out dangerous manoeuvres off our shores it could lead to new incidents with serious and unpredictable consequences." Interfax news agency said it was the third time in two years that a US submarine had been found in Russian waters. *Reuters, Moscow*

### Bosnian Croats take key town

The Bosnian Serb army admitted yesterday that the town of Kupres in central Bosnia had fallen to Bosnian Croat forces after heavy fighting. Croat forces - in their first joint offensive with Bosnian government troops since resuming their alliance last March - recaptured the town, which was 51 per cent Serb and 39 per cent Croat before the war broke out. Kupres is the first important town the Bosnian Serbs have lost since the war began 31 months ago. The upsurge in fighting cast a shadow yesterday over the reopening of peace talks between Croats and rebel Serbs in Knin, the Serb stronghold just over the border in neighbouring Croatia.

Yesterday cracks appeared for the first time in the news blackout on the conflict imposed by Serbia. Belgrade radio reported the week-long Muslim offensive which until yesterday it had ignored. The Bosnian Serbs have blamed the blockade imposed by Serbia three months ago for their recent losses. *Laura Silber, Belgrade*

### Swedish No voters lead poll

The campaign to win Swedish entry to the European Union was jolted yesterday when an opinion poll showed a swing against membership, in contrast to other recent polls showing the "yes" side set for a narrow win in the referendum on November 13. The latest poll, in the newspaper *Aftonbladet*, gave the No camp 38 per cent support against 36 per cent in favour of membership. Most worrying for the Yes campaign, led by Social Democratic prime minister Ingvar Carlsson and strongly supported by most of Sweden's political and industrial establishment, was the poll's finding that significantly more of the 25 per cent of voters yet to make up their minds were more inclined to vote No than Yes. The left-dominated No side has mounted a strong campaign, arguing that membership will undermine Sweden's independence, its neutrality and its freedom to maintain its big welfare system. The poll was cited by market dealers as the main factor behind a sharp rise in long-term interest rates and a weakening of the Swedish krona yesterday. *Hugh Carnegie, Stockholm*

### Greek telecom sale approved

The Greek parliament has approved legislation allowing the partial privatisation of OTE, the state telecoms monopoly through a flotation on the Athens stock exchange. In a stormy session on Wednesday night, 12 deputies from the governing Panhellenic Socialist Movement, most of them ex-trade union leaders, abstained or voted against the law. OTE employees, striking in protest against the flotation, blocked traffic outside parliament. The law calls for tariff increases of 40 per cent on local calls in 1995 and 9 per cent in each of the following two years, so that OTE's domestic network can break even by 1997. The vote cleared the way for 25 per cent of the company to be sold next month. Eighteen per cent will be placed with institutions abroad and the remainder offered to local investors. The government expects to raise over Dr300bn from the flotation, but two-thirds will be set aside to fund OTE's five-year modernisation plan. *Karin Hope, Athens*

### Hungary sets sell-off target

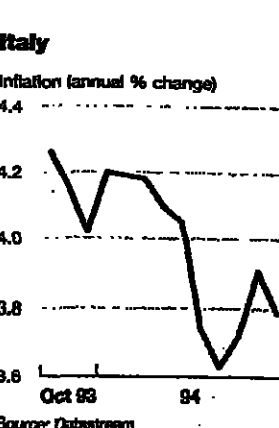
Hungary's Socialist-led government yesterday approved sweeping changes to privatisation regulations, with the aim of completing the sale of most state companies by the end of its term in 1998. To make administration of privatisation more efficient and less expensive, Mr Laszlo Bekesi, finance minister, said AVU, the state property agency, and AVB, the state holding company, would be merged into a single company. Officials said the government would aim for rapid sales rather than restructure companies ahead of privatisation. Sales to cash bidders would be preferred, with revenue generated from the sale of blue chip companies used to pay off state debt. The new strategy envisaged greater use of the country's nascent capital markets, Mr Bekesi said. The cabinet also agreed to retain full ownership of fewer companies, just 46, in strategic areas such as forestry, research and railways. *Virginia Marsh, Budapest*

### Berlusconi relents on bank chief

The Berlusconi government is due to give its long-delayed approval today for the appointment of Mr Vincenzo Desario as director-general of the Bank of Italy. On October 18 the central bank's governing council named Mr Desario, junior of the two deputy directors, to replace Mr Lamberto Dini, who became treasury minister in May. But approval has been held up to let the right-wing coalition choose an outside candidate. Mr Berlusconi yesterday met Mr Desario along with Mr Dini, who opposed the choice of an internal candidate. The meeting was intended to clear the air over the five-month row. *Robert Graham, Rome*

### ECONOMIC WATCH

#### Italian inflation turns downward



Italy's annual inflation rate dropped by 0.1 per cent to 3.8 per cent in October after two months of small increases. This year, growing business confidence has led to autumn price rises being brought forward from October to September. As a result, it was expected that inflation would fall in October, but the reduction is less than predicted. The Bank of Italy's quarterly bulletin, published this week, estimated 1994 inflation at "around 4 per cent" against the official objective of 3.5 per cent and 2.5 per cent in 1995. *Robert Graham, Rome*

Orders for west German manufactured goods recovered strongly in September, rising 4.8 per cent on the month and more than 9 per cent on the level a year earlier. The figures, which the economics ministry said were likely to be revised upwards by up to one percentage point, showed a 12 per cent rise in foreign demand and a 1 per cent increase in domestic orders.

Seasonally adjusted Danish unemployment fell sharply from 12.2 of the labour force in September to 11.7 per cent in October. The decline by 12,500 to 328,400 jobs is the biggest monthly fall so far recorded. Unemployment was 12.5 per cent in September last year.



## California split over anti-immigrant plan

By Jurek Martin in Washington



Opposition to California's Proposition 187, denying social services to illegal immigrants, appears to be gathering momentum, with opinion in the largest state increasingly divided along racial lines. A poll of Hispanic-American voters released this week by the Southwest Voter Research Institute found 57 per cent opposed to the proposition, which is on the state ballot in next Tuesday's mid-term poll, and only 15 per cent in favour, with the balance undecided. This stands in sharp contrast with surveys in mid-October showing that nearly half the legal Hispanic residents supported it.

The most recent state-wide poll by the Los Angeles Times, published a week ago, still gave the initiative a 51-41 per cent lead among likely voters, but this was well down on the 59-33 per cent margin of two weeks earlier and the two-to-one edge of September. Some recent reports from the state suggest more rapid erosion since.

Opposition has also been fanned by the Mexican government. A foreign ministry statement in September complained of the "xenophobia and racism" implicit in the proposal. Three Sundays ago, about 70,000 paraded in Los Angeles in protest, many waving the Mexican flag - much to the fury of the initiative's supporters. On Wednesday about 10,000 schoolchildren, the majority Hispanic, walked out of city classrooms to demonstrate.

State professional organisations have also begun to make their opposition more vocal. This week, 1,000 teachers signed a pledge refusing to abide by the provision in the proposition that would oblige them to report to the federal government any case in which the parents of schoolchildren were suspected of being illegal immigrants.

Several hospitals and medical associations have also threatened to refuse to comply with the reporting provision, and have warned of the



President Bill Clinton campaigns for next week's mid-term elections in Rhode Island yesterday

broader public health consequences of denying healthcare to illegal immigrants. Opinion from local chambers of commerce, representing businesses with long histories of employing illegal immigrants, is equally negative.

Mr Pete Wilson and Congressman Michael Huffington, Republican candidates for governor and senator respectively, have remained steadfast in support of Proposition 187, while their Democrat opponents, Ms Kathleen Brown and Senator Dianne Feinstein, have campaigned against.

Mr Wilson's stand helped him move ahead of Ms Brown while the initiative appeared to command broad support and has not hurt him since opposition to it has grown. Mr Huffington, however, has been greatly embarrassed by the disclosure that he had employed a British nanny without proper papers. Most polls have Ms Feinstein holding a five-point lead, though one Los Angeles TV survey yesterday had Mr Huffington two points up.

Many other prominent state politicians have refused to take a position either way. They include Mr Richard Riordan and Ms Susan Golding - very much in the front line on immigration as mayors of Los Angeles and San Diego - on the grounds that they do not want to encourage divisiveness in their cities.

Mr Dan Lungren, the state attorney general locked in a

tough re-election battle, has also remained on the fence.

If the public tide in the last two weeks has seemed to flow against Proposition 187, it is still rather more likely to pass than not and it may yet benefit from a white suburban backlash in its favour.

## Ontario acts on workplace equality

Bernard Simon on a new law encouraging employers to improve the lot of minorities

Ontario hopes its new affirmative-action law will succeed where other approaches have failed to improve work prospects for disadvantaged groups.

The Canadian province's Employment Equity Act, which took effect on September 1, goes beyond voluntary compliance but stops short of the racial and other quotas which have been favoured by some US states.

"We want the workplace to develop its own plan, which it wants to implement," says Ms Juanita Westmoreland Traoré, the lawyer who is the province's first employment equity commissioner.

The new law is designed to help four groups: women, visible minorities, the disabled and aboriginals. It applies to every private-sector employer with more than 50 people on the payroll, and to all government agencies with more than 10 workers.

The government estimates that 17,000 employers and almost three-quarters of the province's workers will be involved in the exercise.

A sizeable bureaucracy is being brought together to monitor progress. The Employment Equity Commission, based in Toronto, has an annual budget of C\$9.3m (\$4.4m) and will eventually have a staff of

about 100. An employment equity tribunal is also being set up to hear complaints and settle disputes.

Every employer must go through a step-by-step process over the next three years: a campaign to inform workers about the law, consultation with them, and production of an "employment equity plan".

The timetable is staggered, depending on the number of employees. For instance, private-sector employers with more than 500 workers must have their plans in place by March 1996.

The law is deliberately vague on the scope of the plans. It says only that they should "remove barriers and make reasonable progress towards achieving employment equity".

Ms Traoré defines a barrier as "a policy or practice that more negatively affects the designated groups than others". She adds: "We expect that employers will look to the spirit of the act and develop a plan that fits it."

As examples, she cites jobs which require "Canadian experience" - a criterion which cannot be met by new immigrants, a growing proportion of whom are black or oriental. Some employers may have to rearrange work schedules to take account of non-traditional religious holidays.

Ms Traoré, who is black, stresses that the new law does not require disabled people to be employed in jobs which require agility or physical strength.

But she draws a distinction between a job requirement and a tradition. The latter would include the Royal Canadian

Mounted Police's insistence a few years ago - but subsequently withdrawn - that Sikh recruits forsake their turbans for the Mounties' well-known Stetson.

The business community has mixed feelings about the new law. "We expected worse," says a human resources manager at one large company. The manager gives Ontario's Social Democratic government credit for consulting widely on its proposals, and for watering down some of the harsher provisions before they became law.

But Mr Joe Couto, an official at the Ontario Chamber of Commerce, asks whether many

companies, especially smaller ones, have the resources to carry out extensive and often complex surveys and consultations. "This is going to be a boon for consultants," he predicts.

Some businesses are concerned about a backlash from white male workers, who could accuse employers of reverse discrimination.

Dofasco, Canada's biggest steelmaker, has tried to reduce these fears by expanding its employment-equity efforts to include all employees. "We're trying to recognise that everyone has differences and that these don't hinder their contribution to the workplace," says Ms Linda Bishop, Dofasco's manager for human resources planning.

Canada Trust, a large financial institution, has already identified several ways in which it can further the interests of the four disadvantaged groups without stirring resentment among the workforce at large.

The company has decided, for instance, to place job advertisements not only in Toronto's mainstream dailies but also in newspapers catering to specific ethnic groups. It is about to launch a 10-week pilot programme for potential recruits who have developmental handicaps, such as dyslexia.

A year ago, Canada Trust introduced an "alternate work option", which allows all employees to choose flexible work hours, job sharing, work-at-home options or any other arrangement which suits them without harming their productivity.

"This is a business opportunity," says Ms Heather Conolly, manager of workplace equality. She also says, however, that complying with the new act will require "horrendous" paperwork.

Ms Traoré acknowledges that the success of the new regime will hinge on employers' enthusiasm. "If it works the way we want it to work, it should have its own inherent dynamism," she says. "People will see that it's in their self-interest."

There is little in the law to force compliance. No deadlines are set for implementing employment equity plans. The law spells out a near-endless process of consultation, mediation and appeals.

If all else fails, the employment equity tribunal can alter a plan. But if the employer fails to comply, the tribunal can impose a maximum fine of only C\$50,000 (\$22,900) - which is unlikely to be high enough to bring reluctant employers into the employment-equity fold.

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### AMERICAN NEWS DIGEST

## Warhol leads Christie's auction

Christie's held one of its most successful auctions of contemporary art ever in New York on Wednesday night, raising \$14.56m (\$8.8m) and with 44 of the 50 lots finding buyers. In terms of value the auction was 96 per cent sold. Given the nervous state of the market in the last four years this was a great achievement, suggesting that Christie's had been shrewd in its choice of works to sell and in its reserves and estimates.

The top price was the \$3.63m paid for an Andy Warhol silkscreen portrait of Marilyn Monroe, "Shot Red Marilyn", which had a \$2m top estimate. The work, considered the best of Warhol's many Marilyn portraits, gained its title after a would-be assassin shot the picture rather than the artist. In May 1989, at the top of the market, it had sold for \$4.07m to the Japanese collector Masao Watanabe.

There were new auction records for four artists, including Donald Judd, Sigmar Polke, Francesco Clemente, and the notorious Jeff Koons - \$233,500 for a stainless steel bust of Louis XIV. Other high prices in an auction dominated by American collectors were the \$596,500 for "Untitled" by Anselm Kiefer, which was bought by the North Carolina Museum of Art; \$574,500 for "Canopic Head, 1951", a steel sculpture by David Smith, the leading abstract expressionist sculptor of the 1950s; and \$530,500 for another large steel sculpture by Smith, "Primo Piano I". Anthony Thornecraft, London.

### Boost for US house sales

Strong sales in the northeast and south helped boost US sales of new single-family houses 2.6 per cent in September to a seasonally adjusted annual rate of 703,000, the Commerce Department said yesterday. September's increase followed a revised 7.9 per cent rise in August to a seasonally adjusted annual rate of 685,000. The August rise previously was reported as 9.7 per cent.

New home sales have now risen for three straight months. Economists said the higher level of new home sales demonstrated the economy's vigour despite the Federal Reserve's five rounds of credit tightening so far this year. The economy "continues to perform above the pace which the Federal Reserve has indicated it is desirous to slow it to," said Mr Allen Leslie, chief economist at Discount Corp of New York. AP-DJ, Washington, and Reuters, New York.

### Falklands flights 'unlikely'

Britain's Civil Aviation Authority is "unlikely" to grant permission for a weekly flight between Uruguay and the disputed Falkland Islands because of concern over safety standards, according to Mr Roger James, deputy head of mission at the British embassy in Montevideo.

Air Atlantic Uruguay ran its inaugural four-hour flight, in a converted Hercules 130 leased from the Uruguayan air force, in September, but has since been refused permission to fly. "The problem is the use of a military plane for a civilian flight," said Mr James. "At the moment things are stuck but we are trying to resolve the issue."

In principle, the British are keen to see more flights to the Falklands, which since the British-Argentine conflict of 1982 have been practically cut off from the Latin American mainland.

The Air Atlantic flight, whose maiden trip brought fresh fruit and other rarities to the isolated South Atlantic islands, was the first of its kind since the war. David Pilkington, Buenos Aires.

## Singapore ministers to get big pay rises

Singapore's parliament agreed yesterday that ministers and civil servants, already among the world's highest paid, will get hefty pay rises to make their salaries more competitive with the private sector. Reuter reports from Singapore.

Parliament backed government proposals by 61-4 for salary rises starting in mid-1995 aimed at keeping and attracting the island state's top talent. The government was setting out to change the perception of a job in civil administration to one of the top-paying professions, Prime Minister Goh Chok Tong told parliament.

"We are not here to vote for more pay for ourselves," the aim was to establish a system to attract, retain and remunerate top executives and professionals. "For a minister, we want the people who will rank among the top 100 of salary earners."

But Mr Goh, who earns nearly \$966,000 (US\$665,600) a month, said he would exempt his own salary from the pay rise, giving him "the moral authority to make a case for the civil service and future ministers". His pay would be reviewed by an independent panel.

In Singapore in 1993, Mr Goh added, 26 lawyers earned more than \$81m a year, and three of these were aged 36-40. On Tuesday, Singapore's elder statesman Lee Kuan Yew defended the pay rises as the only way to attract the best minds from the booming private sector.

Under the changes, a minister's pay will be set at two-thirds the average salaries of the four highest earners in six top-paying private professions. Senior civil servants' pay will also be based on earnings in the six professions.

At present, ministers earn \$445,900 a month while the average salary of a senior civil servant is \$313,000 a month.

Official figures on the rises have not been given, but one local newspaper estimated a minister's annual salary would rise to just over \$960,000 from its present \$960,000.

## HK airport signing is short of real deal

UK-China tensions still bedevil agreement on funding the project, writes Simon Holberton

Officials from Britain and China meet today to sign an agreement on the funding of Hong Kong's HK\$15.8bn (US\$20.5bn) airport project.

While it is an important symbolic occasion demonstrating that the two sides are committed to resolving their differences on the matter, a vital element will be missing.

Without so-called "financial support agreements" necessary for borrowing, today's agreement amounts to little more than a refinement of the "memorandum of understanding" that Mr John Major, Britain's prime minister, flew to Beijing to sign in September 1991. And that committed the Chinese government to taking just one month to approve the financial details of the airport project.

The six-point agreement to be signed today will cap permissible public debt at HK\$23bn and provide for a HK\$80bn equity injection into the two public corporations responsible for the airport and its connecting railway.

The Mass Transit Railway Corporation (MTRC) will receive an equity injection of HK\$23.7bn and be allowed to borrow up to HK\$11.4bn, while the Airport Authority (AA) will receive an equity infusion of HK\$36.5bn and be allowed to borrow HK\$11.6bn.

To satisfy China's aversion to debt finance, the Hong Kong government has committed itself to paying in more equity rather than increasing borrowings in the event of cost overruns.

The "financial support agreements" missing from today's signing are the documents the MTRC and the AA need before they can approach financial markets for borrowings.

Chinese officials have told their UK counterparts that they will deal ex-



Patten (right): deal in 'days' turned into more than a week, while Lu Ping played down its significance

actly with these agreements. They have indicated that the MTRC's support agreement can be dealt with first while the AA's will have to await its formal incorporation after legislation has been passed later this year.

Since March 1992, when the Hong Kong government put forward its first financial plan, it has often been hard to believe that the central point at issue was the funding of an airport and its railway. The ensuing talks became entangled in the long-running Anglo-Chinese dispute about democracy, overlaid by concerns that the airport was a British ploy to strip

Hong Kong of its riches, and was possibly not even necessary.

Only after the political dispute was played to a stalemate in June this year did the issue of airport finance become resolvable. The airport talks have, therefore, been a metaphor for Anglo-Chinese relations.

In the end, as always, China's will has prevailed. It never liked the idea of funding the project with debt, in spite of the fact that 1992 and 1993 were the two best years in a generation in which to borrow long-term. So the proposed HK\$73bn of debt was reduced to HK\$23bn.

It always sought, and won, the advantage in negotiation. When, during the summer, the UK sought to get agreement for both the minute and the support agreements China balked. It wanted the minute first, then talks about the support agreements; that is what it got.

When Governor Chris Patten ill-advisedly said in London last week that an airport agreement was only "days" away, Beijing made sure that he was made to wait more than a week.

To add insult to injury, in Beijing on Wednesday night Mr Lu Ping, China's top official in charge of Hong

Kong affairs, sought to play down the significance of the airport deal for China's broader relationship with Britain over Hong Kong.

"It does not solve everything," he said. "It does not mean that everything about the transition of Hong Kong is smooth sailing."

Indeed not. At the same time as officials were inching their way toward the deal to be signed today there were signs of other rows on the horizon. The Hong Kong government's award to Gammon, a Jardine group company, of a HK\$750m contract to build a naval base for the Chinese navy has been loudly condemned by Beijing. Gammon submitted the lowest tender of the seven companies that competed for the contract, but Beijing has been angered by Jardine's delisting from the Hong Kong Stock Exchange, which has been seen as a vote of no confidence in China's future administration of the territory.

The Chinese foreign ministry said yesterday that Beijing expected to be consulted and informed of the outcome of tenders.

There are modestly encouraging signs that a way ahead is emerging. Last week a senior official from Hong Kong's Monetary Authority attended a "seminar" in the colony organised by Beijing's 1997 advisers. He gave the government's view on why Hong Kong's exchange rate peg to the dollar should be preserved - a view that was quickly agreed to by Beijing.

Such artificial occasions may not be an ideal way for Hong Kong to discuss issues of importance with its future landlord, but in the absence of a breakthrough in Sino-British ties, which no one expects, they are about the best Hong Kong can muster these days.

## Taiwan tightens rein on dealings

By Laura Tyson in Taipei

Taiwan's central bank, custodian of one of the world's biggest hoards of foreign exchange reserves at \$81bn (\$56bn), has launched a crackdown on "speculation" in the local currency to prevent further appreciation which could hurt exporters.

The Central Bank of China yesterday cleared three foreign banks of illegally speculating on the Taiwan dollar after investigating their transactions during Wednesday's volatile trading session.

"After looking into it, we found no wrongdoing," said Mr Chang Pao-hsi, head of the central bank's foreign exchange department. "We found they did have a genuine need" to buy US dollars on the forward market.

The central bank imposes strict limits on banks' over-bought and oversold positions in the spot and forward foreign exchange markets, to limit their ability to take positions. Dealing activities involving the local currency are intended only for trade-related purposes.

Suspecting violations of foreign exchange trading regulations, the central bank sent inspectors to the Taipei branches of ABN-AMRO Bank, American Express Bank and Chemical Bank after the close of trade on Wednesday to check their books. The banks were subsequently cleared.

The investigation received hammer headlines yesterday in the mass-circulation China Times newspaper and financial dailies in what observers said was a clear signal to foreign banks to stop taking positions in the local currency.

A foreign banker said the moves were consistent with a central bank proposal earlier this week to develop Taipei into a regional financial centre modelled after Singapore, which discourages speculation in the Singapore dollar.

But he added: "It would be fair to say that what some people call speculation, others would call trading."

## Islamic activists shoot Pakistan deputy dead

Islamic activists in north-western Pakistan, agitating for the enforcement of Sharia laws, shot dead a ruling-party member of the provincial parliament yesterday, government officials and witnesses said. Reuter reports from Peshawar.

Mr Badruzzaman, a North West Frontier Province Assembly deputy and a member of Prime Minister Benazir Bhutto's Pakistan People's party, had been killed in the town of Mingora, said an official in the

provincial capital, Peshawar. Doctors said an Islamic activist had also been killed and at least six people wounded in gunfire in the town.

The armed Islamists had occupied several government buildings since Wednesday and taken several government officials hostage. They had also besieged the home of Mr Habibullah Khan, the provincial sports minister, and stopped him leaving to address a rally, witnesses said.

Masked activists were roam-

ing the streets, checking vehicles for police or militia. Groups of armed men took positions on nearby mountains to stop security forces entering the town. Some activists also occupied the control tower at the nearby airport, forcing a halt to flights.

The agitators are members of the hardline Tanzim Nifaz Shariat-i-Mohammadi (TNSM), which has campaigned for months for enforcement of Sharia Islamic law in the predominantly tribal Malakand

Division area. Shortly after yesterday's shooting, provincial Chief Minister Aftab Ahmad Sherpao announced Islamic laws for the area would be published within a week and Sharia courts set up within a month.

A provincial government spokesman called the agitators "miscreants". The government was taking every step to curb their activities, he declared, but did not elaborate. Government officials said paramilitary forces were heading for the

area. Last May, at least 10 TNSM protesters were killed in a battle with paramilitary forces when the organisation assembled an estimated 25,000 tribesmen to press their demand.

The demonstrators dispersed after the authorities issued a notification agreeing to their demand. But the TNSM said the Islamic law had not been enforced.

● F L Smidth, the engineering division of the Danish company FLS Industries, has won

a DKr740m (\$125m) contract to build Pakistan's largest cement mill with an output of 5,500 tonnes a day, Hilary Barnes reports from Copenhagen. The order was placed by Chakwal Cement Co, with financing raised locally and a share issue managed by Union Bank of Switzerland.

The plant, due to come on stream within three years and sited 100km south of Islamabad, is the sixth complete cement plant F L Smidth has sold to Pakistan since 1990.

But he added: "It would be fair to say that what some people call speculation, others would call trading."

## STATE PROPERTY AGENCY

Hungary

### Konzumbank before privatization

There were ten buyers for the tender documents

Preparation for merging the Hungarian State Holding Company and the State Property Agency are underway, the joint organization for coordinating the bank privatization has already been set up. Following the privatization of the Magyar Külkereskedelmi Bank (Hungarian Foreign Trade Bank) and the Általános Vállalkozási Bank (General Bank of Venture Financing), experts are in the process of evaluating the tenders invited for the sale of Konzumbank and the privatization of Iparbankház Rt. (Industrial Cooperative Commercial Banking House), more precisely the drafting of the tender conditions is under preparation.

Bálint Csikós, the acting head of the Industrial Privatization Directorate IV. of the SPA reported, that 15 financial and professional investors had been invited to bid for the closed tender for the privatization of Konzumbank, out of which ten applicants had bought the tender documents. The deadline for submitting the bids was August 10, 1994, the deadline for the evaluation is November 10, which can be prolonged by another 30 days. From among the banks belonging to the SPA, Konzumbank will be the second to be privatized. Although the SPA has only an 8 percent stake in this financial institution, the so called diverted voting right of the state is considerably higher, 75 percent. CEO János Potoczky of Konzumbank explains why.

Konzumbank Fogyasztási Szövetkezeti Rt. (Konzumbank Consumption Cooperative Bank Plc.) was set up by general consumption and marketing co-operatives and saving cooperatives with share capital of HUF 1,042 million in 1987. It became the bank of mid-size enterprises, with share capital usually below HUF 100 million. Its annual cash turnover reaches HUF 200 billion. Similarly to other financial institutions, Konzumbank dealt in collecting deposits, keeping current accounts, laying out credits, and it had an irrecoverable claim of HUF 10 billion in 1992. When Ybl Bank went bankrupt, the state helped to restore the balance in Konzumbank with HUF 10 billion, in order to avoid the financial bankruptcy wave. From this amount, the SPA transferred HUF 100 million for share capital increase. The National Bank of Hungary granted liquidation credit worth some HUF 5 billion, and the Finance Ministry bought the irrecoverable claims of the bank through a credit consolidation bond.

The bond is for a term of 20 years, that is the Bank will only get the denomination value of the bonds in 18 years, until then it obtains the quarterly changing interest, following the floating interest rate of the treasury note, which is between 15.5 and 23.5 percent this year. With the HUF 100 million provided by the SPA, the share capital of the bank has increased to HUF 1,142 billion. As a matter of fact it was only in 1992 that the state acquired a stake in the bank, 8 percent altogether, but since the bank would have gone bankrupt without the intervention of the state, the HUF 100 million of the SPA was regarded as 32 fold voting right. The state did not

devalue the capital of the other owners, instead it revalued its own. Theoretically the HUF 100 million of the SPA is worth HUF 3.2 billion, HUF 1 billion is of the other share owners, so 75.4 percent of the assets worth HUF 4.2 billion, belongs to the SPA.

Despite the fact that Konzumbank has nearly 500 owners, 80 percent of the shares is in the hands of the 5 shareholders. The major owners of Konzumbank are the SPA, Coop Holding, Skálla, Hungaro Coop and Capital Pénzügyi Befektető Rt. (Capital Financial Investing Plc.)

No central intervention of any kind has been needed since 1992. There was no bank consolidation in Konzumbank, because its capital adequacy ratio exceeded 8 percent last year. It has been continuously developing ever since, although the 1992 credit consolidation causes serious problems. From the deposits of the population more than HUF 3 billion are savings, which the bank wishes to further increase by introducing new deposit constructions. One is the Bástya Betétjegy (Bástya Deposit Note), which is a mid-term investment form: it provides an opportunity for investing for a longer term than one year. It is a floating rate bearer security, redeemable at any time, interests can be collected prior to maturity and the bank even pays bonus on the interest. The new security will be floated in mid-November in the Nyugati tér branch office and in 17 branch offices in the countryside. The other novelty will be the Joker deposit contract, destined to maintain the value of the provisionally free funds. Similarly to foreign currency deposits, funds can be fixed for 1, 2 or 3 months, but unlike the 10 percent usually paid for these constructions, Konzumbank will offer double that percentage.

The CEO also gladly reported, that from five different locations in the capital, they have just moved the headquarters of the bank into one building, in Apor Vilmos tér 25-26. In the actual tender, the SPA invited bids for a privatization by capital increase. They intend to receive HUF 1 billion in cash both from the financial and the professional investor for the stakes of twice 25 percent plus one share, because this way the SPA could keep 25 percent plus 2 shares. The purchase price would not be paid into the central budget, it would increase the capital of the bank from the current HUF 1,142 billion to HUF 3,142 billion. The calculated, theoretical capital continues to be HUF 4.2 billion, therefore the voting ratio of the SPA remains 25 percent plus 2 shares.

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# Accidents cast pall over South Korea contractors

## John Burton on corruption and cost pressures in the construction industry

The recent collapse of a Seoul motorway bridge has exposed the problems affecting domestic public infrastructure projects caused by corruption and low bid prices in a huge construction industry that accounts for almost 12 per cent of South Korea's gross national product.

Contractors for public works projects are allegedly forced to take short-cuts in construction if they want to achieve profits. There are few apparent problems in the private construction sector, where higher prices are paid.

The accident, in which 32 people were killed, has cast a pall over South Korean contractors and foreign construction companies will, as a result, "have a much better chance than before of winning public sector orders" once barriers to the domestic market are removed in 1997, according to Mr Hwang Bang-mok, construction analyst at WI Carr Securities in Seoul.

Investigators are still trying to determine whether substandard construction by Dong-ah Construction, the Songsu bridge's builder, or poor maintenance by city authorities was the main cause for the collapse of the 15-year-old structure. But the incident follows accidents involving other infrastructure projects, including the collapse of seven other bridges over the past decade.

Contractors confront severe cost pressures in accepting government orders. One reason for this is that contract prices are low with government estimates for labour and material costs often below market prices. Alleged demands for kickbacks by government officials further reduce profit margins.

The chairman of the Daewoo Industrial group and Dong-ah, for example, were

charged in August with giving kickbacks to a former president of Korea Electric Power, the state-owned electricity monopoly, in return for winning nuclear power plant construction contracts.

"Corruption in the construction industry is widespread worldwide, but in Korea it is more severe than elsewhere. Bribery is a common practice," said Mr Don Lee, construction analyst for BZW Securities in Seoul.

Nonetheless, construction companies are eager to gain public sector orders as the cash flow is favourable; the government pays at least 20 per cent of the project cost in advance and provides the balance throughout the construction period.

Infrastructure projects are also becoming more important for the industry, due to a slowdown in house building which

dominated growth in the past five years. Public sector orders will account for Won14,700bn (\$11.2bn) of the estimated Won40,000bn in domestic construction orders this year.

In an attempt to increase profit margins on public projects, construction companies have frequently resorted to measures that appear to undermine the quality of their work. Design specifications are frequently changed and schedules accelerated. Contractors are accused of using inferior materials to save costs. The subcontracting of work at low rates has also become common.

The hazards of this became apparent last year when a subcontractor for Samsung Engineering and Construction caused one of the nation's worst train accidents when a railbed collapsed during

excavation work.

Faulty construction is often undetected as inspection procedures are lax, with contractors allegedly bribing government inspectors to grant project approval.

The Songsu bridge collapse has renewed concern about the safety of the country's infrastructure, particularly when the government is planning to invest \$100bn (\$63.2bn) on projects over the next eight years.

The government has announced several measures to eliminate substandard construction. Pre-screening procedures will be strengthened, with the lowest bid system abolished in favour of selection on technical capability. The government will also increase estimates for labour and wage costs in construction proposals.

Subcontracting will be more tightly reg-

ulated, while the warranty period for construction projects will be increased from five years to 10-20 years after completion.

Inspection procedures will be improved, including allowing foreign construction inspectors to operate in South Korea from next year. The measures, however, "will increase construction costs to meet the higher standards," said Mr Hwang.

The costly domestic regulation is likely to encourage South Korean construction companies to seek more orders abroad.

Overseas orders will account for only 12 per cent of total orders for the Korean construction industry this year - in sharp contrast to 15 years ago when orders from the Middle East provided the bulk of business for Korean contractors.

The decline in Middle East oil income that fuelled the building boom has forced Korean companies to concentrate on winning domestic orders, while shifting their overseas activity to southern Asia and China.

## INTERNATIONAL NEWS DIGEST

### Suharto eases Timor stance

Indonesia's President Suharto struck a conciliatory note over troubled East Timor yesterday, saying he was willing to meet exiled East Timorese for talks. "I am prepared to meet exiled East Timorese," he was quoted as saying by Mr Lopes da Cruz, Indonesian envoy for East Timor. "President Suharto said reconciliation talks can be continued and that more East Timorese need to be involved," Mr da Cruz said. "He also agreed to meet East Timorese living in exile, but no date has been fixed yet."

Mr Suharto hosts the second Asia-Pacific Economic Co-operation (APEC) summit on November 15. US President Bill Clinton will be among the leaders attending.

Mr da Cruz said he would meet some East Timorese leaders living in Australia, but did not say when. Opponents in Australia have been the most vocal. The envoy quoted Mr Suharto as saying East Timor could be granted autonomy but added it would be within the Indonesian context of being a part of the archipelago. In Dili, the capital of East Timor, the announcement was greeted with some caution; a prominent local Timorese suggested it could be for show ahead of the APEC summit. *Reuters, Jakarta and Mariana Saragosa, Dili*

### Manila raises investment limit

Philippine monetary authorities have doubled the ceiling for outward investment by residents to \$2m (\$3.7m) a year in an attempt to stem the rise in the local currency. Mr Gabriel Singson, governor of Bangko Sentral, the central monetary authority, said yesterday that the higher limit "is expected to increase foreign exchange demand and directly ease the appreciation of the peso". A sharp increase in foreign exchange inflows in recent months, following improved investment conditions and high domestic interest rates, has strengthened the peso against the US dollar. Yesterday the currency traded at 24.888 pesos to the dollar, an increase of 12.3 per cent against its level at the start of the year.

This has hurt Philippine exporters, who claim the lower peso proceeds to their exports have led to losses. Some exporters' groups have also warned that the rising peso has curtailed expansion plans. A policy allowing Philippine residents more investments abroad is the latest of a series of Bangko Sentral moves to curb the currency's rise. *Jose Galang, Manila*

### Business optimism declines

World businessmen have become less optimistic about their sales and profits in the fourth quarter, despite the strength of the world economy, according to the latest survey of business expectations from Dun and Bradstreet. The business information group's index of sales fell from 57 to 55 between the third and fourth quarters, while the profits index fell from 45 to 42. In the sales area, the countries which experienced the biggest declines in optimism were Switzerland, New Zealand, the US and Mexico; the greatest increases came in Brazil, France, Japan and the Netherlands. Despite the quarter-on-quarter decline, levels of optimism were higher than they were in the fourth quarter of 1993. "The worldwide business climate continues to be in very good shape as the survey shows optimism indices at pre-recession levels," said Mr Joseph Duncan, vice-president and chief economist at Dun & Bradstreet.

The employment index also fell between the third and fourth quarters, from 20 to 18. "The employment index is at a respectable level, but is not as high as it could be," said Mr Duncan. "We should see some hiring in the next few quarters." Employment optimism is at its lowest in Japan and Belgium, and at its highest in Australia, New Zealand, the UK, US and Canada. *Philip Coggan, Economics Correspondent*

### Egyptian death toll mounts

Rescue workers found 18 burned bodies in the village of Dronka yesterday, pushing to at least 450 the death toll from southern Egypt's fire and flood disaster. Floodwater and burning fuel swept through the village, 200 miles south of the capital Cairo, soon after dawn on Wednesday. Flash floods more victims in other villages in the provinces of Assiut, Sohag and Gena, security officials said. Thousands of Dronka villagers who spent Wednesday night in mosques in the nearby city of Assiut are heading home to search for relatives but have little hope of finding survivors from 200 houses engulfed by the river of blazing fuel. *Reuters, Dronka*

### Gaz de France pulls out staff

The French state gas company Gaz de France has withdrawn nearly all 200 of its expatriate staff from Algeria after Islamic fundamentalists murdered two foreign drilling experts, the newspaper Le Monde reported yesterday. A Gaz de France official declined to comment except to say: "We are still present in Algeria and gas deliveries continue."

Le Monde said the decision to pull out Gaz de France expatriates was taken after the killing of a French and Italian technician employed by a French company in the Aurès mountains of north-east Algeria on October 18. A senior French military official said last week that Paris was concerned by the attack, since it could signal an offensive by rebels against Algeria's gas and oil industries, the country's main currency earners. Gaz de France has been active in Algeria virtually since independence in 1962. *Reuters, Paris*

### Ciller breaks Israel ice

Turkish prime minister Tansu Ciller yesterday began the first official visit to Israel by a Turkish leader, part of a five-day Middle East tour that will include meetings with PLO chairman Yasser Arafat in Gaza and Egyptian President Hosni Mubarak in Cairo. In her talks with Israeli President Ezer Weizman and prime minister Yitzhak Rabin, Mrs Ciller is expected to discuss issues ranging from the Middle East peace process, economic and business ties between Turkey and Israel and co-operation on controlling terrorism. Turkey is fighting a 10-year Kurdish insurgency that has cost more than 13,000 lives. Sharing the region's scarce water resources will also be on the agenda. Turkey's \$10bn hydro-electric and irrigation schemes on the head waters of the Tigris and Euphrates will give it control over the region's two most important rivers. *John Burton, Ankara*



Thabo Mbeki: endorsed privatisation

## ANC changes its tune on state sell-offs

By Mark Suzman  
in Johannesburg

The African National Congress has been forced into several policy reversals since becoming the leading partner in South Africa's government of national unity, but few of its conversions have been more dramatic than its recent decision to embrace privatisation as a means of generating funds for social development.

Only a month after the country's April election, President Nelson Mandela was vowing he would never support a programme that would merely channel more wealth into the hands of the country's white minority. As recently as August, Mr Jay Naidoo, minister in charge of implementing the government's centrepiece reconstruction and development programme, condemned privatisation as a method of "sacrificing long-term assets for a short-term benefit". By October, however, in a white paper on the RDP, the government had warned to the idea of selling "unproductive state assets" to raise funds for the programme, and last week Mr Thabo Mbeki, deputy president, for the first time endorsed privatisation as an integral part of government policy.

So far, little attention has been paid to exactly what the government is likely to sell off, what the means of privatisation might be, and just how much revenue is likely to be raised. State assets amount to several hundred billion rands, but likely proceeds from privatisation will only be a small fraction of that.

Of the state companies that could be sold off, the net value of those under the authority of the ministry of public enterprises - including electricity utility Eskom, transport conglomerate Transnet, and arms and technology manufacturer Denel - were recently assessed at about R30bn (\$5.3bn) by the government.

Adding the state-run telecommunications company Telkom, vast tracts of state-owned land and forest, the post office, public broadcaster SABC and concerns such as the Industrial Development Corporation and state abattoir Abacor, the total realisable assets are probably closer to R50bn.

Practical obstacles to readying state companies for privatisation are smaller than expected. The National party government of the late 1980s was also strongly in favour of privatisation; it sold off two companies - Iscor, the country's largest iron and steel concern, and National Soyafoods, the state brewer of maize-based beers for the black community - before stopping the process in 1991 under pressure from the ANC.

Both companies are now regarded as successes. Although Iscor went through a rocky few years shortly after its launch in 1989, it is today the most widely traded share on the Johannesburg Stock Exchange and has recently reported excellent results. NSB, meanwhile, which was sold privately to a consortium of black businessmen comprising largely the company's employees and distributors, became the first high-profile, black-owned business in the country.

But while it stopped its privatisation programme, the previous government placed nearly all other public companies, such as Telkom, Denel, and Transnet on a commercial footing, making them fully accountable and under the control of appointed boards of directors.

Unlike most of eastern Europe, where many state companies suffered from poor management and it was almost impossible to assess their assets, this is not a problem here, observes Mr Mark Katzenellenbogen, of merchant bankers SG Warburg. Just as attractive for the government as raising money is the possibility of increasing the general stock of black wealth in the country by ensuring that some of the benefits of privatisation accrue to the black community. The government is almost certain to utilise a variant of the voucher schemes employed in eastern Europe or parts of Latin America, whereby citizens are allocated shares in privatised companies which they can either hold as investments or use as collateral.

But although the markets may be hoping that privatisation will begin with a bang, preferably by putting a big corporation on the block and using the share offering to raise South Africa's profile in international markets, many in the ANC are still concerned that this would jeopardise the RDP's aims of developing poorer areas.

As a result, the early offerings will probably be relatively small and are unlikely to garner significant international interest. The first sizeable operations to be sold off will probably be Denel and the domestic operations of South African Airways, now part of Transnet. Neither are seen as politically critical to the RDP and both already operate on a sound commercial footing.

But even if giants like Eskom and Telkom do not come on the market immediately, most analysts are convinced it is just a question of when, not if, the ANC-led administration will give ground. As one observer says: "The simple fact is the government needs the money."

## Delhi clue to Sri Lanka deaths

### Mervyn de Silva on the bloody connection with India

Connections with India appear to be a significant factor behind a string of assassinations of Sri Lanka's senior political and military figures.

Mr Gamini Dissanayake, the opposition leader who was to have been presidential candidate in Sri Lanka's elections next Wednesday, was assassinated because of his role in the India-Sri Lanka "peace accord" of 1987 which brought a huge Indian peace-keeping force to crush the secessionist Liberation Tigers of Tamil Eelam (LTTE).

Sri Lanka's new government has asked Indian investigators to help with inquiries into Mr Dissanayake's murder, perhaps risking again inflaming Tamil rage at a time when it has been trying to bring peace to the northern Jaffna peninsula for which the LTTE is seeking autonomy.

At the time, of New Delhi's last intervention, the Indian elite were worried about the possible impact of LTTE propaganda on Tamil Nadu, the large southern Indian state which has a secessionist history of its own. The narrow Palk Straits separates Sri Lanka's northern province, the "traditional homeland" of the island's Tam-

ils, from Tamil Nadu.

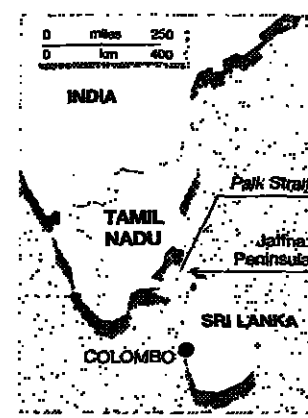
Mr Dissanayake was proud of the part he played in the "peace accord" and of his close friendship with Mr Rajiv Gandhi, the Indian prime minister who, like Mr Dissanayake, was assassinated by a Tamil suicide bomber.

The presence of an Indian army bigger than Sri Lanka's own led to the resurgence of the Sinhalese radical youth movement (JVP), which in 1971 raised the romantic Che Guevara banner, but this time is ultra-Sinhala nationalist and Pol Potist in sentiment.

In the late 1980s, the JVP mounted a bloody campaign in the south which damaged the island's tourism industry and eventually overshadowed the Tamil rebellion.

In 1988, pressed from north and south, the then President Ranasinghe Premadasa asked India to pull out its troops. Mr Gandhi refused. The Indian peace-keeping force lost 1,400 men. Mr Gandhi's successors then withdrew the force.

The LTTE expected to be rewarded with at least regional autonomy. Mr Premadasa disappointed them, soon establishing good relations with the new Indian prime minister, Mr P.V. Narasimha Rao. On May Day last year, an LTTE suicide



bomber killed Mr Premadasa.

In February this year the LTTE accused "Sinhalese chauvinist forces" of gathering in the south and engaging in a new proselytising drive.

"This coming together is being secretly encouraged by India. Thus, there cannot be any doubt Gamini is an Indian lackey," it said.

Mr Lakshman Kadirgamar, Sri Lanka's foreign minister, has now asked the Indian government "to provide the services of two Indian experts to help in the investigation into the assassination" of Mr Dissanayake.

The cabinet had responded to a request by Mrs Srma Dis-

sanayake, who has replaced her late husband as the conservative United National Party's choice to stand in the presidential elections against the Peoples' Alliance candidate, prime minister Chandrika Kumaratunga.

When the newly-elected People's Alliance, which gambled successfully on a growing peace constituency and looks forward to a "peace dividend" to cut defence spending sharply, sent a four-member "peace mission" to Jaffna, it was received by an LTTE commander and treated to an LTTE guard-of-honour.

The two sides sat on opposite sides of a table which had two flags, the Sri Lankan and the LTTE. On the wall was a picture of Velupillai Prabhakaran, the LTTE supremo. The meeting, given widespread television coverage, gave the impression that the delegates represented two separate states.

Mr Prabhakaran is seen as the toughest terrorist leader in the world, says one western diplomat. The questions now are whether India sends its investigators, and whether Mr Prabhakaran will see their arrival as the formation of another Delhi-Colombo axis against him.

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## NEWS: WORLD TRADE

US and EU push Beijing to adopt a more constructive negotiating stance

## China may get later WTO entry

By Guy de Jonquieres, Business Editor

The US and the EU are prepared to consider delaying the deadline for China's planned entry as a founder member of the new World Trade Organisation, provided Beijing agrees to negotiate more constructively.

The apparent change of mind has been prompted by the growing belief in Washington and Brussels that China's negotiations to rejoin the General Agreement on Tariffs and Trade are progressing too

slowly to be concluded by the end of this year, as scheduled. China has long insisted that it wants to be a founder member of the WTO, due to be established at the start of next year. Under internationally agreed rules, China would only qualify for that status if it already belonged to Gatt when the WTO came into being.

US and European willingness to consider such a course reflects their determination to underline the importance they attach to China's WTO entry, despite their unhappiness at what they consider Beijing's

inflexible negotiating stance. The Clinton administration remains committed in public to the January deadline. But it is understood that Ms Charlene Barshefsky, deputy US trade representative, mentioned the possibility of an extension last month in talks with Ms Wu Yi, China's foreign trade minister.

The question is likely to be raised again by Mr Mickey Kantor, the US trade representative, in 10 days' time, when he is due to meet Ms Wu at a conference of the Asia Pacific Economic Co-operation forum in Jakarta. Sir Leon Brittan,

the European trade commissioner, is also said to be ready to offer the possibility of an extension when he visits Beijing next week.

But EU officials say he will do so only if it becomes clear that there are solid practical reasons why China's talks with the Gatt cannot be completed on time. They say Sir Leon is prepared to consider deferring China's WTO entry until as late as May or June.

The US and the EU are both pressing China to improve its membership proposal, notably

by agreeing to cut tariffs further, curb state monopolies and open markets wider.

A US report, released by the Economic Strategy Institute, says China's accession is the biggest international economic issue faced by the US and is "a unique window of opportunity to influence China's economic and trade policies". Mr Greg Mastel, author of "China and the WTO", warns: "Once we commit ourselves, even in principle, to give China WTO status, we lose what leverage we have."

See Feature

## US plans an early exit from Gatt

By Frances Williams in Geneva

The US plans to withdraw from the General Agreement on Tariffs and Trade with effect from early next year, provided the US Congress ratifies the global trade accords setting up the World Trade Organisation, Gatt's successor. The WTO is due to come into effect on January 1.

Although the US maintains the move will have little practical impact, the decision has caused considerable concern among trading partners who say it will allow the US to escape Gatt obligations to countries which are not WTO members from the start. In

addition, outstanding trade disputes under Gatt - including such controversial cases as the tuna-dolphin row and punitive US duties on steel imports - will simply lapse.

The US Senate is to vote on the Uruguay Round trade pact on December 2, three days after the House of Representatives. The Clinton administration can then withdraw from Gatt after a 60-day notice period. The US had hoped to time its pull-out from Gatt to coincide with the WTO's entry into force but this proved impossible after Congress delayed the ratification vote from October to December. Washington says it decided

as long ago as 1991 that it would not remain a member of both Gatt and the WTO, which would involve overlapping legal obligations to different groups of countries. However, no other country has indicated its intention to follow suit.

US officials denied yesterday that Washington was in some sense dodging its fair trade responsibilities. Mr Andrew Stoler, deputy US ambassador to Gatt, said the US had no intention of removing existing Gatt trade benefits from countries which were not WTO members, though the legal underpinning provided by Gatt would go.

The US would also stand by

obligations arising from dispute panel reports already adopted by Gatt. But unresolved disputes and those still under investigation at the time of withdrawal would fall by the wayside.

Mr Stoler added that only Switzerland among important trading nations had said it could not meet the January 1 WTO deadline. However, of Gatt's 124 members, only about 40 nations, in addition to the 30 that have already ratified, have notified Gatt they are in a position to complete legal formalities by the end of the year.

Switzerland apart, most of the others are small developing countries. These nations, Mr

Stoler argues, are not countries with which the US is likely to be in dispute.

During the Uruguay Round negotiations, it was agreed that Gatt would continue in parallel with the WTO for an undefined period, since several countries would not be able to join the WTO straight away. However, precisely how the two legal agreements will operate in tandem has not been clarified.

To minimise the potential for inconsistency (and give lagging a strong incentive to join the WTO), there is broad support for a two-year "cut-off" after which Gatt would cease to exist.



Leon Brittan: the European Union must guard against lapsing into complacency over world trade

## Protectionist pressures worry Brittan

By Guy de Jonquieres, Business Editor

The European Union must press more vigorously for liberalisation of world trade, Sir Leon Brittan, trade commissioner, said yesterday, or face mounting internal pressure from "demagogues" who favoured protectionism.

In his first important speech since losing responsibility for eastern Europe in last week-end's European Commission reshuffle, he promised that EU trade policy would give higher priority both to the interests of consumers and to combating other countries' unfair trade practices.

Sir Leon said it would be "disastrous" for Europe to lapse into complacency after completion of the Uruguay Round trade deal. It had to increase its efforts to improve its economic competitiveness and to open international markets.

The collapse of communism had robbed western Europe's leaders of an important challenge, he told the Chartered Institute of Marketing in London, creating uncertainty and diverting attention from important new issues. "If it persists, this malaise can spell drift and decline," he said. "Put simply, the challenge for our continent-wide culture and economy is to survive."

Free trade was not a free-for-all, and world trade rules entitled the EU to act against dumped and subsidised products and import surges which threatened sensitive industries.

"These are simple truths, but they are hard to get across in a world where demagogues can

be elected to national parliaments and to the European parliament, and receive substantial public subsidy for their pernicious charge that open trade offers the European economy to foreigners on a plate," he said.

Setting a world trade agenda after the Uruguay Round would be difficult, because it involved dealing with domestic policies and sensitive issues such as the environment, competition policy and labour laws. But countries had to talk about these questions.

"If we do not, we lay ourselves open to further demagoguery, with Europeans alleging that other countries seek to exploit child labour in order to increase European unemployment. Such arguments are plainly nonsense."

He indicated that persuading developing countries to relax controls on inward investment would be an important EU priority in the new World Trade Organisation.

Sir Leon said the "illicit practices regulation" recently proposed by the Commission would enable the EU to press other countries more effectively to open their markets and trade fairly.

However, he said the regulation was different from the US section 301 trade instrument, because it did not seek to make unilateral determinations against foreign trade barriers and would focus only on other countries' breaches of agreed international rules. He said the EU had to try harder to complete dumping and subsidy investigations rapidly, and to ensure that its trade policy reflected the views of importers, retailers and consumers, as well as of producers.

## NEWS DIGEST

## Brussels attacked on banana imports

The US yesterday attacked the European Union's banana import regime claiming it contravened a Gatt code of fair trade practice on import licensing and did not conform with rules of the future World Trade Organisation.

The claim, made to Gatt's import licensing committee, was strongly denied by Brussels. Ms Barbara Chatin, head of tariff affairs in the US trade representative's office in Washington, said the EU's import licensing scheme for bananas was "blatantly discriminatory" and "contrary to both the letter and the spirit" of the import licensing code. A tougher version of the code will be incorporated in WTO rules.

Two US-based banana multinationals have called for an investigation under Section 301 of US trade law of the EU's recent "framework agreement" on banana quotas which they say favours the signatories - Costa Rica, Colombia, Nicaragua and Venezuela - over other Latin American exporters. Frances Williams in Geneva

## China urged to cut fees

A group of multinational chemicals companies operating in China is putting pressure on Beijing to cut registration fees which could cost several million dollars, according to the magazine Asian Chemical News. Recent regulations require companies to register every chemical they import to China. The fee ranges from \$2,000 to \$10,000, depending on the toxicity of the chemical, and each company has to pay the fee even if an identical chemical made by another company has been registered.

The companies, which include BASF of Germany and the UK's ICI, complain that the fees are incompatible with the membership of the General Agreement on Tariffs and Trade (Gatt) which China is trying to rejoin. BASF said the fees imposed "clearly violate Gatt principles in that they exceed the cost of service rendered and discriminate against foreign companies. The companies' case has been taken up by US and European chief trade negotiators at Geneva. Daniel Green, London

## Telstra tests data software

Telstra, Australia's government-owned telecommunications group, is one of six international telephone and cable companies to test Microsoft software for a high-speed information highway. The Microsoft "broadband network operating system" (BNOS) software aims to transmit large amounts of interactive data and services from third-party sources and could be applicable in industries ranging from financial services to retailing.

Telstra said that the trials would help to give Australia a head start in the development of multimedia industries. The project will begin next year. Other carriers evaluating BNOS are Deutsche Bundespost Telekom, NTT, Rogers Cable Systems, US West and Southwestern Bell. Nikki Trail, Sydney

## Statoil awards oil contracts

Statoil, the Norwegian state oil company, has awarded contracts worth Nkr2.3bn (\$347m) covering the development of the 450m barrel Norne offshore oil field. For East Livingston shipyard in Singapore won a contract valued at Nkr1.1bn to build a hull to be delivered for outfitting in July 1996, for Norne's planned production ship. Sub-sea flowlines and associated marine operations worth more than Nkr500m will be handled by a Norwegian-French joint venture during summer 1996 and spring 1997. Two packages worth Nkr630m for gas compression and the main generator have been awarded to Kvaerner Energy of Norway with Nuovo Pignone of Italy as sub-contractor. Norne is due to start production July 1997. Karen Foschi, Oslo

## CD sales lead music market growth

By Alice Rawsthorn in London

The global music market is enjoying brisk growth with an increase in sales of 8 per cent during the first half of this year against the same period of 1993, according to the latest figures from the International Federation of the Phonographic Industry.

Compact discs continued to be the chief catalyst of the market's expansion. Sales of CDs rose by 18 per cent in the first six months of this year after a 19.4 per cent increase to a total of 1.4bn units during 1993.

The US was one of the most buoyant areas of growth for CDs, with a 25 per cent rise in unit sales during the first half of 1994. This reflects the continued trend for consumers to replace their collections of vinyl records and cassettes with CDs, and the wider availability of budget CDs.

However, the pace of CD sales growth is starting to slow in more mature markets, notably in Italy. The IFPI also detected a reduction in the rate of CD sales growth in some Asian countries where piracy is a problem. One of the fastest growing

areas of the music market is CD singles, where sales have continued to increase in spite of a slight decline in overall single sales. The number of CD singles sold worldwide rose by 35 per cent in 1993 and grew again in the first half of this year.

The increase in CD sales has predictably depressed demand for cassettes. The IFPI noted a decline in sales of cassettes for the first time last year to 1.35bn worldwide from 1.47bn in 1992. The drop continued - albeit at the slower pace of 4.6 per cent - in the first six months of this year.

The traditional vinyl market appears to be in terminal decline. Sales of vinyl LPs fell sharply to 80.4m in 1993 from 114.9m in 1992. The IFPI reported another fall in the first half of 1994.

The Hollywood movie industry yesterday handed an olive branch to its European rivals following the conflict at the recent Gatt negotiations. The Motion Picture Association of the US unveiled a "peace" package including an initiative to help the Europeans dub their films and to improve distribution in the US.

## Patents claims hit parallel importers in Japan

By Emiko Terazono in Tokyo

Japan's parallel importers, which import branded goods through third parties rather than through licensed distributors, are being challenged under an increasing number of patent infringement claims by manufacturers.

A row between Chiyoda Sports, the Japanese sports equipment retailer, and Nordica, the Italian ski equipment manufacturer, has become the latest case in which a manufacturer has tried to stop the distribution of cheaper parallel imported products by alleging the importer had violated intellectual property rights.

Tokyo customs officials have banned Chiyoda from importing Nordica ski boots from European wholesalers. The Italian company claims that only a licensee can distribute the product, which uses a patented buckle. Chiyoda, on the other hand, argues that Nordica is misusing the licence to quash efforts to offer consumers cheaper products.

"They're just doing it to stop competition. It's overstretching patent rights and very unfair to the consumer," said Mr Yoshikazu Miyakoshi, president of Chiyoda.

Chiyoda, which has been selling parallel imports of US and European ski equipment for more than 10 years, was planning to sell the ski boots at ¥33,000 (\$330.00). The same product imported by Nordica Japan, the manufacturer's Japanese subsidiary, costs around ¥35,000 while it is sold at ¥27,000 in Italy.

The ministry of finance, which oversees the customs office, says the ban on Chiyoda's imports of Nordica ski boots was implemented according to the patent law. "Patent guidelines are oriented towards protecting industries," it said.

Meanwhile the country's Fair Trade Commission said Nordica's claims did not breach anti-trust guidelines.

Other companies which have won bans on parallel imports based on patent licensing claims include Ajinomoto, the leading Japanese maker of monosodium glutamate (MSG). It said that parallel imports of MSG from the company's south-east Asian production lines did not contain a special patented acid and could "confuse" the Japanese consumers' palate. The customs office has also banned parallel imports of agro-chemicals by Monsanto, a US chemicals maker.

While the ministry of finance says it is not trying to stop parallel imports, some importers are wary of a clampdown by large overseas manufacturers. They claim that such manoeuvres by the ministry of finance go against efforts by the ministry of international trade and industry, which is promoting parallel importing as a means to reduce Japan's mounting trade surplus.

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مكتبة الأصيل



# Spy chief rejects demands for FBI-style agency

By Jimmy Burns

One of Britain's senior spy chiefs yesterday rekindled a long debate about the organisation of UK law enforcement and the role of intelligence services by speaking out against the creation of a national counter-terrorist agency.

Mrs Stella Rimington, director-general of the security service MI5, said recent experience had shown that a "large number of agencies and

organisations can co-operate effectively".

She claimed credit for her agency indirectly by arguing that the cease-fires in Northern Ireland had been brought about by political progress achieved "in the context of a wider counter-terrorist strategy."

Mrs Rimington was speaking to a top-level gathering in London of police chiefs, senior civil servants and government law officers including Sir Nicholas Lyell, the attorney-

general. Her views contrasted with those of counter-terrorist specialists and police officers who have criticised the fragmented state of Britain's law enforcement agencies and have called for a single national organisation similar to the FBI.

Mrs Rimington used the annual James Smart lecture - in memory of a former senior police chief - to stress her agency's image as an accountable and efficient counter-terrorist organisation which has

also provided useful advice to the government on important political issues such as conflict in Northern Ireland.

The future of her agency and other law agencies remains uncertain because of budgetary pressures and shifting political priorities. Earlier this week the US Central Intelligence Agency was castigated publicly by a Senate committee for being lax and ineffective.

Britain's secret services are to

have their expenditure, administration and policies scrutinised for the first time later this year by a new committee of the House of Commons.

Mrs Rimington said that while the recent IRA and loyalist ceasefires were "welcome" developments, "after so many years of violence we must remain cautious." More than half of MI5's estimated annual budget of £150m (£237m) is spent in operations related to Northern

Ireland. She also referred to continuing terrorist attacks by Middle East groups, and the threat of nuclear proliferation. She added: "Compared with the traditional certainties of the Cold War era, with its frame of reference apparently fixed for all time, the service's responsibilities and the environment in which we operate are today all in a state of flux."

Optimism on N Ireland, Page 8

## Insurance regulators face US criticism

By Ralph Atkins  
Insurance Correspondent

Regulation in the UK of the international insurance industry has been attacked in a House of Representatives report which complains of an "inability to work" with the British authorities.

London has in some cases been used "as a haven to exploit the US insurance market", says the subcommittee on oversight and investigations of the House committee on energy and commerce.

In a report which adds to pressure in the US for closer scrutiny of the London and other insurance markets, the subcommittee, chaired by Democrat Mr John Dingell, says the US needs to introduce proper safeguards to control foreign-based operations.

It notes that the authorities at Lloyd's of London have taken steps to resolve any solvency weaknesses and to reorganise its market. But the report says the Department of Trade and Industry in London "depends upon insurance company auditors or market complaints to uncover solvency problems".

It cites the case of the Kweim group of insurance companies which were involved in north American insurance and reinsurance but which went into provisional liquidation in 1992. "Officials at the UK's Department of Trade and Industry told the subcommittee that the Kweim companies had inadequate records and internal controls," the report says. "Yet those known deficiencies apparently went unreported and uncorrected."

The committee noted that the DTI has an agreement with the Securities and Exchange Commission to work together on regulatory and other matters concerning publicly-traded securities.

"There is a clear need to establish a legal basis for co-operation on insurance regulation between two of the world's major insurance markets," it said.

## Committee may probe political party funds

By James Blitz

The Nolan committee on standards in public life may investigate funding of political parties by private organisations in spite of the prime minister's insistence that this would be outside its remit.

Amid signs that he is to conduct the widest possible examination of rules for public servants, Lord Nolan said yesterday that some questions relating to political donations would come within the remit of his committee.

After the first meeting of the committee yesterday, Lord Nolan said it could make recommendations over whether MPs should have paid interests outside parliamentary work. He confirmed that the committee would not investigate any of the specific allegations of "sleaze" that have been made against members of Mr John Major's government. But it appeared likely that former cabinet ministers with paid directorships at companies with which they have been officially involved would be cross-examined by the committee in televised sessions.

While Lord Nolan said the general funding of political parties would not be examined, he opened the way for study of the issue by adding: "If party political funding is associated with some preference to the person holding the funds, then it plainly comes within our terms of reference."



Workers at the Swan Hunter shipyard yesterday watched their final achievement slip down the River Tyne. While a brass band played Auld Lang Syne, the men strained to keep sight of the Type 23 frigate HMS Richmond.

After 18 months of receivership, union leaders and receivers Price Waterhouse insisted that they had not abandoned hope of saving the last shipbuilder in north-east England. Of the 400 workers left on the payroll yesterday - down from

2,400 at receivership - about 100 will be kept on while the receivers mount a last worldwide campaign to find a buyer.

Above, David Swan, great-grandson of the yard's founder and now redundant, watches the Richmond sail away.

## Rail operator may abandon tunnel method

By Andrew Taylor,  
Construction Correspondent

London Underground may decide to stop using the New Austrian Tunneling Method for its £1.9bn Jubilee line extension even before the government's Health and Safety Executive has completed its inquiry into the construction technique.

LU said last night that it had not made any decision but was considering options. An important aspect must be the time the safety executive may need to complete its investigations.

The inquiry was launched after a tunnel under construction using the new Austrian method collapsed under Heathrow airport two weeks ago.

Jubilee line contractors have halted work on two of 12 stations planned for the extension through south London. These are at Waterloo and London Bridge, the only ones proposing to use the new method, which is estimated to be about

The New Austrian Tunneling Method championed by Dr Ladislav von Rabcewicz, a Salzburg engineer, in the 1960s has been used successfully for almost 40 years. Projects which have used the method include the Frankfurt and Washington metros.

It allows excavation by conventional diggers rather than tunnel boring machines, permitting faster construction and greater design flexibility.

a quarter cheaper than traditional techniques. Work on two extra stations planned for Heathrow, part of a new £300m rail link between Heathrow and Paddington station in central London, has also been halted.

London Underground might decide to switch to traditional tunneling methods in order to get work moving again. The safety executive has given no indication of how long its investigation will take.

## Tough measures aim to stamp out legal aid fraud

By Robert Rice,  
Legal Correspondent

Lord Mackay, the principal government law officer, yesterday announced moves to counter fraud by solicitors thought to be costing the Legal Aid fund millions of pounds a year. The measures are designed to

tighten rules governing the "green form" scheme which is used to provide free legal advice and assistance to people on low incomes.

Solicitors get an average fee of £60 (£90) from the Legal Aid Fund for two hours of legal advice, but they can receive up to £51.50 in London and £36.50 outside. Once a client signs a

form the solicitor gives a description of the advice given and submits it to the Legal Aid Board for payment. In 1993-94 more than 1.6m people received help under the scheme.

Three firms are under investigation by the Serious Fraud Office for alleged fraud. One firm under investigation has submitted £2.2m of

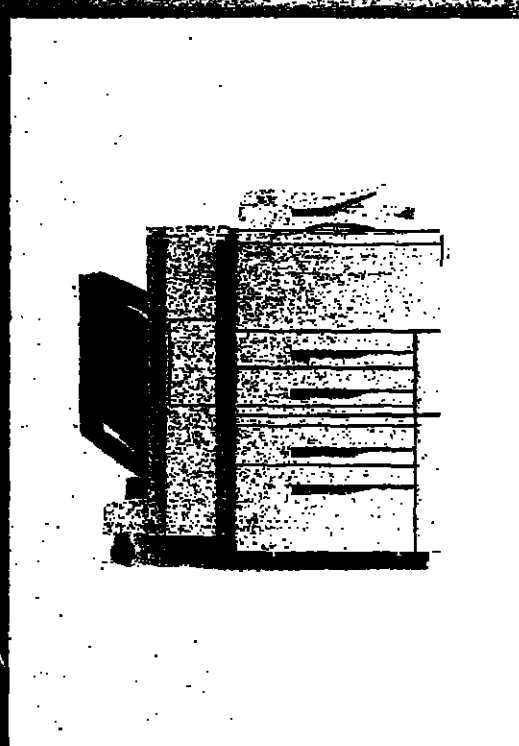
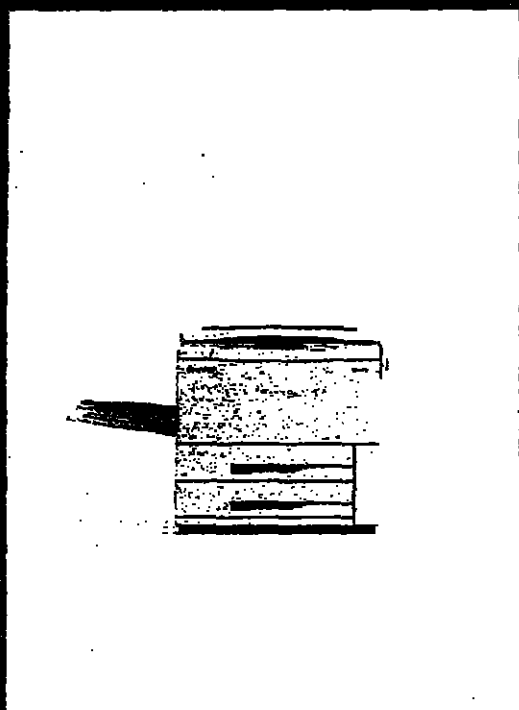
claims in the past 12 months.

Firms are suspected of offering inducements to low-income families to sign forms and of making multiple applications for a single client.

The measures announced by Lord Mackay include moves to speed up detection and action on suspect claims. A new more detailed form will

be introduced for firms not franchised by the Legal Aid Board.

Solicitors will be required to seek authority from the board before giving advice under more than one form per client in any 12-month period. The board's powers to deal with cases of suspected fraud are to be set out in new regulations.



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## Advisers urge static rates ■ More help urged for jobless ■ Bank lending up 'Wise men' recommend neutral Budget

By Peter Norman,  
Economics Editor

The Treasury's panel of six independent economic forecasters yesterday advised Mr Kenneth Clarke, the senior finance minister, against an immediate rise in interest rates and urged him to issue a "neutral" Budget on November 23.

The six said the public spending totals set for 1995-96 by Mr Clarke last year should be cut to offset the effects of lower inflation.

The panel said that lower-than-expected inflation had increased the level of real public spending implied by the cash plans in last year's Budget. The chancellor should therefore aim to reduce the cash plans in line with the lower price level. "We would not regard this as a tightening of fiscal policy," the advisers said.

Although the forecasters produced differing recommendations on fiscal policy, they said these were "within a relatively narrow band around a 'neutral' Budget." This would be one in which the pre-announced tax increases for the coming financial year should take place as planned, other taxes should be indexed in line with prices and spending was kept as planned

### Summary of medium-term projections

		Average	Lowest	Highest
Real GDP	1994	3.6	3.5	3.6
	1995	3.0	2.5	3.7
	1996	2.7	2.2	3.4
	1997	2.6	1.8	3.0
Unemployment (%)	1994	2.60	2.60	2.64
	1995	2.35	2.15	2.50
	1996	2.16	1.55	2.47
	1997	2.00	1.15	2.40
RPI excl MIPs	1994	2.4	2.3	2.6
	1995	2.8	1.6	3.9
	1996	3.2	1.8	4.0
	1997	3.5	2.4	4.2
Current account (% of GDP)	1994	-0.8	-1.1	-0.5
	1995	-0.8	-1.6	-0.3
	1996	-1.2	-2.2	-0.2
	1997	-1.4	-2.9	-0.2

Percentage changes on a year earlier unless otherwise stated  
\*Year that produced lowest average forecast

in real terms. Among the panelists, Professor David Currie of the London Business School, Prof Tim Congdon of Lombard Street Research and Prof Wynne Godley of Cambridge University argued for no change in fiscal policy. Mr Gwyn Davies of Goldman Sachs International favoured some further tightening to prevent excessive demand growth.

Mr Andrew Britton of the National Institute of Economic and Social Research and Prof Patrick Minford of Liverpool University spoke in favour of a small easing of fiscal policy, respectively by cutting National Insurance contributions and reducing marginal tax rates.

The report said none of the six would argue for an immedi-

ate change in interest rates. Britain's economic recovery will not solve the problem of the country's 1.5m long-term unemployed, the Confederation of British Industry, the biggest employers' organisation, warned yesterday in a report welcomed by the Labour party and trade unions, Robert Taylor writes.

The CBI said it will need urgent state action to reduce the numbers without work for more than six months, along with greater employer commitment to recruit them and more willingness by the jobless themselves to prepare for available work. The organisation called for more government employment measures to help the long-term unemployed back to work. It said these would not add to state spending.

Mr John Monks, general sec-

retary of the Trades Union Congress, said the report was a positive step. "It shows widespread recognition across the political spectrum of the problems of the long-term unemployed," he added. The TUC intended to explore "the scope for concerted action" with the CBI and Mr Michael Portillo, employment secretary.

A survey of 450 employers revealed widespread criticism of the state employment service. More than half the companies interviewed said they never heard of any of the government employment schemes that cost about £1.5bn (£2.4bn) annually.

The CBI wants reform of the state employment service to equip the jobless with basic skills of literacy and numeracy and make the service more sensitive to employer needs.

The UK government yesterday announced measures to tighten controls on fish-factory ships called "klondykers" which operate in Scottish waters, our Transport Correspondent writes.

This follows the grounding of a Russian-registered vessel, the Pionersk, off the Shetland Islands on Monday. The crew of 155 was rescued but between 50 and 60 tonnes of bunker oil escaped into the sea. In October 1993 two "klondykers" were lost.

Concern has been growing about the pollution threat posed by the klondykers because they are frequently poorly maintained and inadequately insured.

But they make an important contribution to the UK fishing industry by taking about 60 per cent of British catches of herring and mackerel and marketing them mainly in eastern Europe.

The UK government will press the International Maritime Organisation to introduce a requirement that ships carry sufficient insurance cover to meet liabilities for damage.

## Factory ships face tighter controls

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### UK NEWS DIGEST

## Trade ministry rejects EU role in yard's future

GEC's bid to take over the submarine maker VSEL should be judged by UK competition authorities rather than the European Commission, the Department of Trade and Industry said yesterday. A similar decision has already been made in the case of British Aerospace's bid for VSEL. Both are being assessed in the UK because in some situations the government can exclude large deals from EU jurisdiction if special national interests are involved.

The bids will now be examined by the Office of Fair Trading, which normally expects to produce its recommendation within three weeks. BAE's bid should be completed by November 18, but the results may not be revealed until GEC's bid has been considered. The office's recommendation on whether a full Monopolies and Mergers Commission investigation is needed will then be passed to Mr Michael Heseltine, trade and industry secretary.

### Software probe at Cow & Gate

Investigators checking allegations of illegal computer software use have raided the UK offices of a number of subsidiaries of Nutricia, the Dutch foods group, including the baby foods maker Cow & Gate, Unigate, the UK milk producer, has a 34 per cent stake in Nutricia.

The Business Software Alliance, which represents the world's leading personal computer manufacturers, secured a High Court writ leading to an order which enabled its investigators to search the offices of Cow & Gate, Galenico and Nutricia Dietary Products.

The search took place in the past few weeks after claims that pirated software was being used. It is understood that the organisation queried the legality of software being used on between 100 and 200 personal computers found at Cow & Gate. The company has until tomorrow to produce licences for all the software being used on its premises.

Under software protection laws, penalties can include prison sentences of up to two years for executives of offending companies.

### Row over bank charges

British banks and the Consumers' Association have clashed over a Which? magazine survey on the cost of borrowing.

The association says that a combination of charges on unauthorised overdrafts and interest levied on such accounts for even short periods can be equivalent to millions of per cent if translated to an annualised percentage rate basis.

It argues that the high levels of interim profits reported by the banks intensifies the argument that they should cut charges. It says there are sharp differences in charges imposed by banks and building societies that offer current accounts, and urges customers facing high charges to move.

The British Bankers' Association said the banks' interim results showed that providing banking services for personal customers was "one of the most unprofitable activities which banks undertake".

### Change for ex-USAF base

The US Air Force base at Greenham Common in southern England is to be returned to municipal ownership after 53 years of control by the British government. The base was made famous in the 1980s by a succession of demonstrations against the siting there of half of UK's complement of USAF cruise missiles. A women's "peace camp" was maintained outside the gates for many years.

The 900 acres of land being handed over will be about the same size as the area handed over to the government at the start of the Second World War. But the government will retain ownership of the missile silos, which must be made available for inspection under the Intermediate Nuclear Forces Treaty.

The ministry will also retain for commercial development about 100 acres including most of the buildings on the former base. Berkshire County Council has applied for cash to develop an enterprise centre from the European Union's Konver fund, set up to help regions with economies hit by a decline in military activity.

### IQ affected by ingestion of lead

Lead in the environment - from leaded petrol, lead pipes and other sources - may be having a "small but important influence on children's intellectual attainment", according to a study in the British Medical Journal today. Scientists at the London School of Hygiene and Tropical Medicine analysed all previous research on lead and intelligence, involving 26 separate studies on a total of 6,000 children. They concluded that a doubling of lead in the blood probably reduces IQ by one or two points on average.

### Union's staff strike over pay

Staff of the Transport and General Workers' Union, one of the largest in the UK, yesterday staged a one-day strike in pursuit of an 8 per cent pay claim. It was the first time in the T&GWU's 70-year history that its staff had gone on strike. The union is offering an increase of 2.5 per cent plus £2 (£3) a week.

● Staff at the Royal Mint in Llantrisant, south Wales, are to be balloted by their unions over industrial action after rejecting a 1.8 per cent pay offer linked to a new performance-related scheme.

## Irish deputy PM upbeat on talks

Mr Dick Spring, deputy prime minister of the Irish Republic, said yesterday he anticipated an early agreement between London and Dublin on a framework for inter-party negotiations about Northern Ireland's future.

But he conceded - as his government's National Forum for Peace and Reconciliation began its second meeting in Dublin - that a range of issues must be resolved before decision-making talks could go ahead.

Mr Spring said he believed that the governments of the UK and the republic would soon "be working at the same pace and the same speed" on their bid for a political framework.

He said the two sides had to maintain the momentum created by Mr John Major, the British prime minister, in Northern Ireland last month, when he signalled his government's acceptance of the two-month-old IRA ceasefire.

Mr Spring added: "There are a number of complex areas, such as the constitutional changes that are necessary, such as the cross-border institutions, and indeed the Euro-

pean dimension. I would be confident that, given the prospects that are there now for peace on this island, that both governments can overcome any obstacles that arise."

Mr Gerry Adams, president of the nationalist Sinn Féin party, and Mr Albert Reynolds, prime minister of the republic, were together for the fourth time since the IRA ceasefire when they joined the first working session of the forum.

Absent once more, however, even with observer status, was any British government representative.

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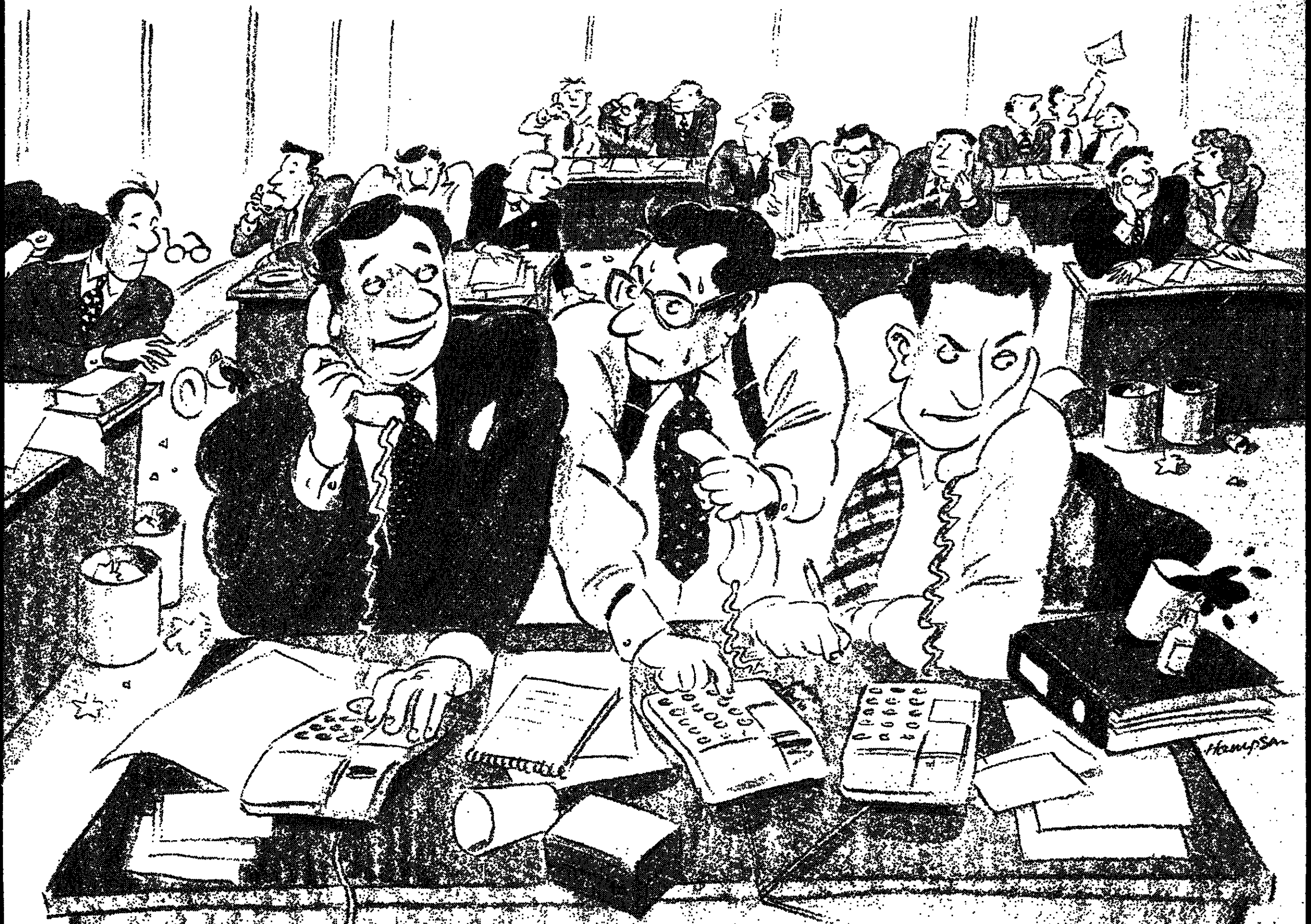
Thus, employees of the Warsaw plant have trained intensively at existing Opel plants to ensure the highest levels of quality control. Furthermore, our plant will apply the most advanced production techniques.

The Polish Opel driver will receive a service which is second to none. We are rapidly expanding our network of over 60 Opel dealers and authorised service outlets throughout Poland. Opel Assistance, our 24-hour Roadside Assistance programme, is already operating there.

Experience elsewhere tells us that this is the type of programme which will reap significant long-term growth for Opel.

We'd like to offer our warmest congratulations, therefore, to the team that is making it all happen. We know you'll give Poland another product of which it can be proud.

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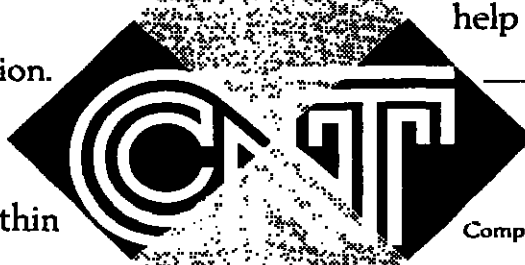
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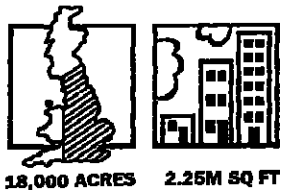
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هكزامن الاحمل



Europe's manufacturing quality and productivity still lag far behind Japan's. John Griffiths reports

## Streets ahead

Professor Dan Jones and his colleagues at Cardiff Business School, Cambridge University and Andersen Consulting were at it again yesterday. Two years after telling an audience of UK motor component makers that their productivity and quality was grossly inferior to that of Japanese counterparts, they announced that many continental European groups are no better – and some worse.

Jones, also co-author of *The Machine That Changed the World*, the Massachusetts Institute of Technology study which highlighted the significance of "lean" manufacturing, was unveiling the results of a new Worldwide Manufacturing Competitiveness Study.

The results expand on the 1992 benchmarking project which showed Japanese component makers outperforming the UK's by a 2:1 margin in productivity and by no less than 100:1 in quality. The latest project investigates the manufacturing performance and management practices of 71 motor components plants in nine countries: 14 in the US and Canada, 12 in the UK, 11 in France, nine in each of Japan and Germany, eight in Italy and four in each of Spain and Mexico.

Among these, the study identifies "world class" plants which meet certain criteria: substantially higher volumes of finished parts compared with similar-sized non-world-class concerns; high-capacity utilisation; more automated assembly processes, backed up with effective "fool-proofing"; larger and more rapidly changing product portfolios; and integrated and tightly controlled processes.

The study once again makes uneasy, and for many UK and Italian component makers chilling, reading. It indicates that despite progress in Europe, Japanese suppliers are improving at no less rapid a rate – and even widening the competitiveness gap with the UK and Italy.

While the study identified no companies by name, it is unlikely to

pass unchallenged by many component suppliers. Nissan, Toyota and Honda publicly maintain that suppliers to their UK "transplants" are doing well, but privately express reservations about their progress.

To make the findings relevant beyond the motor industry, the study covered production of seats, exhausts and brakes – chosen because they require a variety of process technologies.

The researchers consistently found a 2:1 difference in productivity performance between world class plants and the remainder. The quality gap was found to be even higher – 8:1 in seats, 16:1 in brakes and 170:1 in exhausts.

Performance was measured by two main criteria: productivity, in terms of annual units of output divided by labour hours, and quality by the number of supplied parts per million claimed by vehicle manufacturers to have been defective. Financial measures were not used.

In one world-class seat plant there were 237 customer complaints per million seats delivered, compared with 2,071 for a non-world-class facility; the world-class exhaust plant received eight complaints per million exhausts and the

**'One should be wary of confusing the quality and prestige of the finished product with the efficiency and sophistication of the process which produced it'**






world-class brake plant nine per million on brakes.

The US was found to be closest to Japan in quality, with Japanese plants retaining "only" a 30 per cent advantage. This stretched out to a 4:1 advantage over France and Germany, rising to at least 8:1 in the case of the UK and Italy.

Japan's overall productivity and quality performance, meanwhile, "is significantly better than it was two years ago, with improvements in the range of 38 per cent. UK companies also show a big improve-

How Japan still leads the world



'World class' plants	Country of location	Country of ownership
	Japan	5
	US	3
	France	3
	Spain	2
	Germany	0

Source: Andersen Consulting

ment (31 per cent). This, however, has not been enough to qualify as world class and shows that the gap with Japan is widening.

Of the 71 surveyed companies, many were subsidiaries of big producers already supplying globally. While these have had a unique opportunity to combine knowledge and learning from different countries, they have also had to find compromises between their own corporate cultures and conditions and practices outside their domestic base. The report says that failure to reconcile the two accounts for Japanese plants generally not doing as well outside Japan as within. Only

receive priority from German industry if it is to become more competitive, the study concludes.

It also found US plants to be good on process control and delivered quality, at least among first-tier suppliers. "The challenge now lies in extending this to the second tier" – the thousands of much smaller parts makers who supply the big components companies.

What should non-world-class companies do about improving their positions? The researchers found that the common denominators in the world-class plants were process control and very tight management of the entire supply chain. Many aspects of plant performance which have received considerable publicity, such as the use of teams and suggestion schemes, did not appear to be universal requirements for good performance.

Indeed, the study warns that simply aping the quality circles and problem-solving groups which form part of world-class Japanese companies cannot work.

"The real benefits of problem-solving structures appear to lie in the long-term continuous improvement of a basically sound system... imitating practices from other countries of indiscriminately devolving responsibility to the shop floor and hoping that problems will disappear is clearly not going to work."

\*Available free: tel 0181 730 1322.

CHRISTOPHER LORENZ

## A mesh of the formal and the flexible



Virtual, boundaryless, horizontal, flat, shamrock or starburst-shaped, clustered, concentric, circular. Managers are constantly bombarded with these images of the sort of organisation their companies must become if they are to survive the change, complexity and chaos of the late 1990s and beyond.

As if one set of such epithets was not enough, executives are assured by gurus and academics that these structures will create the type of customer-facing, rapid-response, high-performance, self-managed, team-based enterprises needed to compete in the markets of the future. In an overworked but powerful phrase, they are told that this is the "new management paradigm".

Most managers are intrigued by at least some of these images. But they are also confused or frustrated. Before taking action, some are searching for a clearer, more detailed, picture of what the "new organisation" should look like, with its constituent sub-structures, systems and procedures.

Others are already having a crack at the new approach – or elements of it. But they risk floundering because of the paucity of proven models to draw from.

With the exception of several overworked examples from "creative" industries such as media and consulting, there are few concrete cases of the approach operating comprehensively and successfully at the level of entire organisations of any size. Most well-documented instances are either of medium-sized companies with unusual backgrounds, such as Gore-Tex, or of isolated business units within giants such as US General Electric.

A third group of managers, the sceptics, are steering clear of almost anything that smacks of such radical, risky – and over-

American – innovation. All three groups are in danger of losing their way. Like fans – radical or conservative – of architecture, who see it as having a capital "A", they make the mistake of being transfixed by struc-

ture and outward appearance at the expense of an organisation's intricate inner workings. They treat an organisation as an all-important big "O", rather than as a means of enabling companies to act more effectively in the marketplace.

To make matters worse, the Big O brigade mistakenly sees the "new organisation" as mainly a matter of formal design, rather than as what Nitin Nohria and James Berkley, two Harvard academics, call pragmatic or "action-centred" entities, whose life-blood consists of informal attitudes, relationships and ways of operating.

In the latest issue of *California Management Review*, Nohria and Berkley argue that while the informal side of organisations has often been acknowledged in the

**Any halfway sensible innovator knows that informal changes have to accompany formal ones**

past, the energy of most managers and management thinkers alike has been directed towards trying to develop better formal models and designs.

To underline their view that the current state of organisational change and experimentation is not a prelude to some ultimate, fixed architecture, the two academics reject the term "new paradigm" as misleading, even dangerous. They argue that the most helpful metaphor is of a shifting "action perspective".

This sees organisations as complex systems – better still, as organisms – where many different things are happening at once, and which are constantly in flux, often in response to low-level action.

To illustrate the dangers of top-management attempts to impose new organisational designs, Nohria and Berkley cite the "sobering" example of a group of three divisions within Allen-Bradley, itself an offshoot of Rockwell International. In 1990 the group, which makes high-tech industrial control devices, announced a flat,

team-based, "concentric" structure. Within months the old hierarchy reasserted itself: "business teams" were formed to oversee the operational teams, and an executive council to oversee the business teams. Within a year, the use of teams was reined in severely. In 1992 much of the concentric organisation was disbanded, and a traditional multi-divisional structure re-installed.

The upside of the story, the academics claim, is that the fundamental ideas behind the 1990 reorganisation are still held to be central, in spite of the reversion to a conventional formal design.

This is feasible because the group persevered with the introduction of two steps essential to effective informality: IT systems that spanned its whole organisation; and broader sets of performance measures.

In essence, Nohria and Berkley's message is eminently sensible: few European companies would be as rash as Allen-Bradley or some of its American cousins in converting so suddenly to such a novel structure. Any halfway sensible organisational innovator knows that informal changes have to accompany formal ones, and often precede them.

That is not to say that formal changes are unnecessary. Nohria and Berkley say as much, but with far too little emphasis. As so often with management academics, they almost throw the baby out with the bathwater.

If any senior manager thinks internal boundaries can be bridged without dramatic change in organisational design, he or she should examine the experience of the myriad of companies that have tried to introduce cross-functional teamwork just by laying a lightweight project structure across a collection of chimney-like vertical departments, and instigating a series of accompanying informal changes. Ford, Digital and a string of other companies are now having to rectify that mistake.

The truth is that the formal and informal aspects of an organisation are equally important, and interdependent. Whether old-style or new, formal or embodying an "action perspective", they need to be in synch.

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An information package and application form can be obtained from Rose Riley on 071 725 5482. Applicants are welcome to discuss the post with Jenny Southam, Deputy Director of Corporate Management on 071 725 5557.

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LES ECHOES / FINANCIAL TIMES

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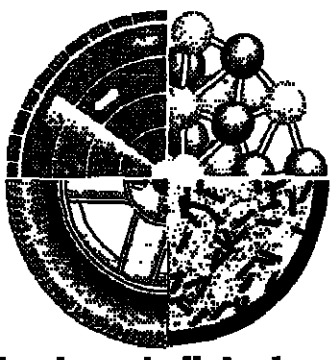
Attachmate Europe  
56, rue de Billancourt  
92100 BOULOGNE - FRANCE  
Attn: Anne Douay

**Attachmate**



## TECHNOLOGY

## Worth Watching · Vanessa Houlder



## Leukaemia linked to virus

Strong evidence linking childhood leukaemia with infection is published in the British Medical Journal today. Clive Cookson writes.

Scientists at the Cancer Research Campaign's epidemiology unit in Oxford found that the exodus of more than 1m children from London and other big cities during the second world war resulted in a significant increase in leukaemia in rural Britain.

Deaths from the disease in the four years after the war were 47 per cent higher in rural areas that received the largest numbers of urban evacuees. CRC researchers believe that "population mixing" during the war exposed rural children to city children carrying the unknown infection - probably a virus.

Cancer Research Campaign: UK, tel 071 224 1333, fax 071 935 1546.

## Step forward in Aids fight

A long-established drug used in the treatment of diseases such as leukaemia has emerged as a strong candidate for Aids therapy, according to a study published today in Science, the US journal.

Researchers at the Laboratory of Tumour Cell Biology at the National Institutes of Health in Bethesda, Maryland, conducted a laboratory experiment which showed that hydroxyurea blocked the replication of the HIV virus in blood taken from people with Aids.

The antiviral effect was achieved using doses of hydroxyurea that were non-toxic and lower than those currently used for leukaemia treatment.

Hydroxyurea is unlike existing Aids drugs such as AZT, which directly target viral proteins in

that it does not attack the virus directly but works by inhibiting one of the enzymes involved in DNA synthesis. The researchers believe that the HIV virus is far less likely to develop resistance to hydroxyurea than conventional antiviral drugs.

National Institutes of Health: US, tel 301 496 4000; fax 301 496 6394

## Tunnel grease stamps out fire

The blame for tunnel fires often rests with the inflammable greases used to seal newly-cut tunnel edges, claim engineers at Oxford Brookes University.

Greases are used to seal the gap between the tunnel lining and the tunnel-boring machine. Problems arise when the seals are repaired or replaced because tunnel workers often pump compressed air into the workings to keep out water. The oxygen-rich atmosphere adds to the danger that the grease may ignite when the seals are burned away with oxyacetylene torches.

The researchers have developed a non-flammable tunnel grease, consisting of water and minerals suspended in wax, which they claim is safer, easier to use and more economical than existing greases.

Oxford Brookes University: UK, tel 0865 483340; fax 0865 483387.

## Safer route to the door

Answering the doorbell can pose problems for the disabled, or those who are concerned about the risk of letting a potential burglar into the house.

A Coventry-based company has launched a mobile answering intercom device, which allows the user to talk to the caller without opening the door. The Answermadd works within a range of 70 metres, allowing the door to be answered from anywhere in the house or garden.

The system also has a panic button, which allows a user faced with an unwelcome caller to activate an alarm. The system is also able to alert the user to intruders breaking into outbuildings such as garages.

The system, which costs £179.95, consists of a control panel, a handset, a door-push and a perimeter alert unit.

Answermadd International: UK, tel 0203 221126; fax 0203 551092.

Five years of effort to develop the technology for a powerful new broadcasting system unveiled last month may seem like nothing compared with the commercial and ethical wrangles to come.

Matra Hachette Multimedia chose the annual international sports and television convention in Monte Carlo to launch a system that permits the electronic substitution of the advertising hoardings transmitted in televised sporting events.

At the heart of the product is Epis, a software package developed by Lagadere Group, owner of Matra Hachette Multimedia and the ultimate parent of Matra, the defence, electronics and media group. It was based on work conducted for Matra Cap Systems for the aerospace industry. It processes broadcast images and inserts computer-generated equivalents in their place.

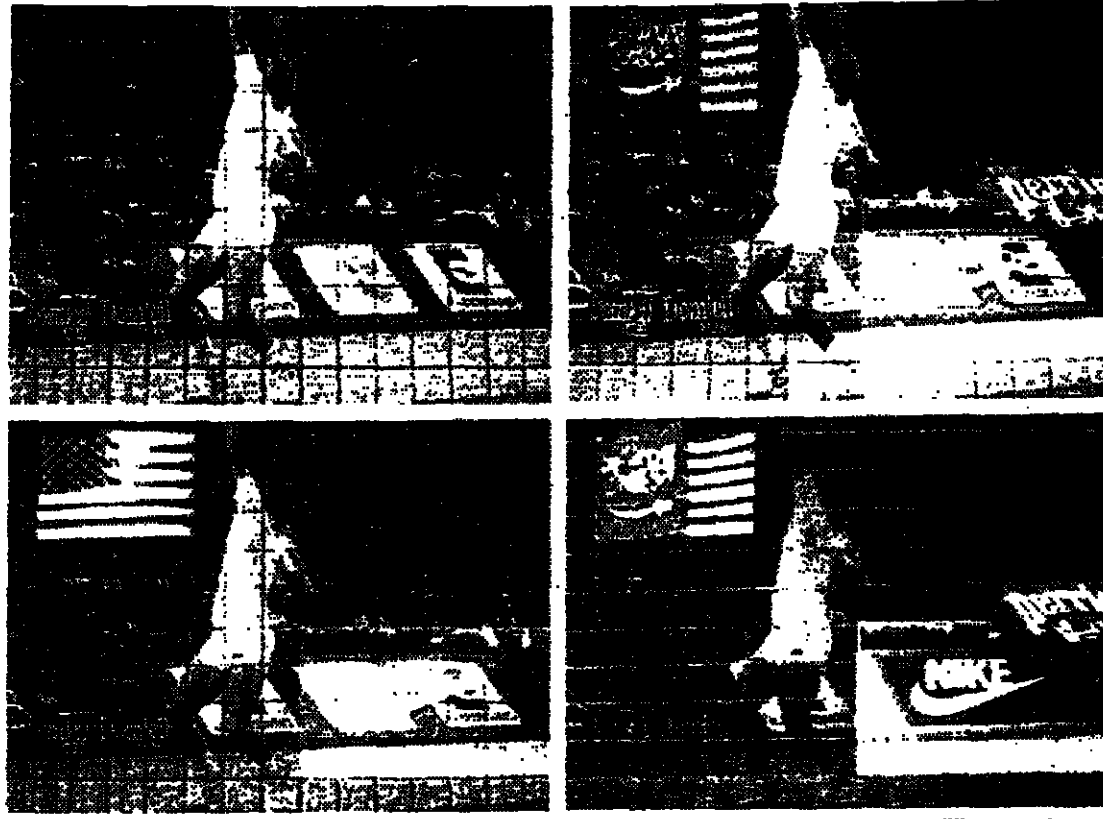
The idea behind the new application - which cost several tens of millions of French francs to develop - was mainly to be able to help advertisers using hoardings in sporting events broadcast in more than one country. They might want to use different images, brand names or the local language in the places where the event is shown.

There are also wider applications. Advertisers might want their ads to appear at certain times, such as at the start or end of an event. They might not want to reach an audience in all markets receiving broadcasts. Equally, advertising restrictions countries requiring variations in advertising treatments.

Epis offers a solution, by permitting substitution of any two-dimensional image broadcast during a sporting event. A hoarding or even a car number-plate can be altered, with the replacement fitting exactly in the space of the original. It can also create new "virtual" billboards where none exists at the site of the sporting event.

The technology uses the signals from a series of cameras located at the broadcast event. First, the software identifies and captures the image of the billboard identified by an operator. It tracks this image electronically as it moves across the television screen. It also isolates barriers or other images on the background to the billboard. These three elements allow it to then substitute the "real" image for another.

Arnaud Lagadere, head of Matra Hachette, said that one of the challenges has been to maintain the image even when it is obstructed by, for example, players moving in front of the billboards. Another was tracking images that were moving. In these cases, some of the substitution can still only be done using pre-recorded material.



Some picture, new treatment: Epis allows 'real' images to be substituted for pre-recorded material to suit different markets

## Now you see it, now you don't

Andrew Jack on the implications of a device that substitutes broadcast images

However, he says, these problems should be resolved within the next year, with the full system commercially available by 1996. During the first live test of the system in front of several hundred conference delegates in Monte Carlo, Matra was able to switch images comfortably - although there was some slight difference in resolution indicating that the replacement image was electronically imposed.

The potential ramifications for advertisers are vast. The system could allow far greater volumes of advertising, with much greater differentiation in timing, positioning and geographical focus of images.

The company estimates that the European market for sports advertising alone is currently worth more than FF15bn (£1.8bn). It is also growing fast, with the airline devoted to sport rising from 24,000 hours in 1989 to 55,000 last year.

The markets have become so big, and the regulatory hurdles so complex, that it may make it more difficult than ever for all but the largest companies to be able to afford a global advertising campaign. Segmenting the market using Epis, says Lagadere, makes the medium available to smaller advertisers.

But the new system could also pose ethical problems. In the words of Michel Hidalgo, a French sports personality: "This is a very impressive invention. But will athletes' rights be interfered with? Will they be able to protect themselves from being associated with products they are not familiar with or do not approve of. We have to avoid excesses."

A representative of the International Olympic Committee, which has no plans to permit advertising at its events, asked about the regulatory implications. "When you

change the image, the person watching will no longer know what is really happening." He urged clear labelling to show that the picture received on television sets was not the same as seen by spectators at the event.

"We are trying to deal with the technology. The rest is for someone else to cope with," is Lagadere's response. His company suggests that those using the system will be given a copy of an "Epis charter" on ethical issues, and the company will provide events organisers with contractual clauses to help them negotiate terms with advertisers.

Nevertheless, as Neal Pilson, former president of CBS, the US broadcasting organisation, put it: "This is wonderful and exciting, but the easy part was developing the technology. The hard part will be reconciling it into a very complex business context."

## Change in the formula

Japanese mothers who feed their babies with Snow Brand infant formula are giving them more than the mixture of calories and minerals usually contained in baby formulas. Essential fatty acids have been added to make it more like mothers' milk.

The idea could spread to western countries. Several companies, including Sandoz Nutrition of Switzerland, Nutricia of the Netherlands, which owns the Cow and Gate brand, and American Home Products, have signed up with the biotechnology companies that make the fatty acids.

There has long been evidence that mothers' milk is better for babies than artificial alternatives. The difference is most marked in premature babies, whose brains develop better on mothers' milk, according to researchers and the UK Medical Research Council's Nutrition Unit in Cambridge.

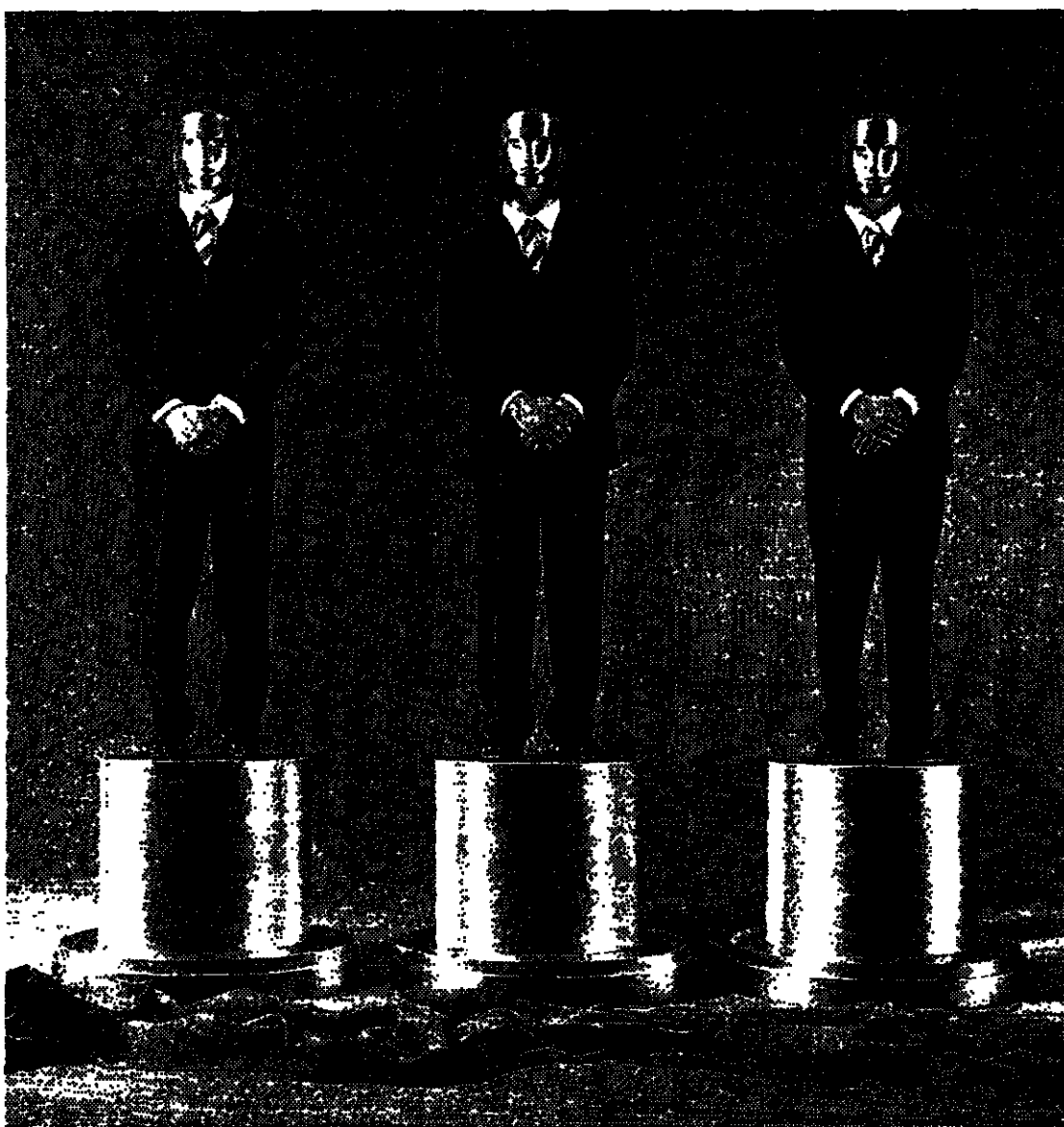
There may be several explanations, but one of the more likely is that essential fatty acids present in mothers' milk are absent from formulas. Scientists say that fatty acids are probably important in brain and eye development. These fatty acids are difficult to make in industrial quantities. One source is UK biotechnology company Scotia, which is supplying Snow Brand. Another is Martek of the US, which has signed letters of intent to supply Sandoz and Nutricia.

As foods rather than drugs, the new products do not have to undergo clinical trials. The fatty acids appear to be harmless, but without trials it is hard to demonstrate that the doses are right. Further, these formulas do not have the antibodies found in mothers' milk that protect against infection.

Martek and Scotia do not make serious medical claims for the new infant formulas. "We're saying that they are more like mothers' milk," says Martek. "But no one will make therapeutic claims right now."

Daniel Green

## Where Hollywood has Oscars, the banking world has Triple-A ratings.



With its triple Triple-A rating, L-Bank ranks among the highest-rated issuing banks on the international scene.

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To its credit, L-Bank has three. Like Oscars, they are awarded for performance but in L-Bank's case, innovative issues backed by top-notch credit quality played a major supporting role. The force behind L-Bank's credit is the German federal state of Baden-Württemberg, sole owner of L-Bank. But as any Oscar winner will tell you, even with the best supporting cast,

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## PEOPLE

## Half a pair for Hi-Tec's Mackness

Frank van Wezel, founder of Hi-Tec Sports, is splitting his job as chairman and chief executive and handing over the chief executive's baton to Terry Mackness, 50, head of the group's important US operations.

Hi-Tec Sports, which specialises in making sporting shoes and leisure wear, has had a chequered stockmarket history. Its performance has been hit by fierce competition from bigger sports shoe manufacturers. Last month the shares fell sharply after the group reported a first half pre-tax

loss of \$7.1m which was inflated by exceptional charges for restructuring the business.

In addition to worries about the group's performance, the City has also been concerned that van Wezel, whose family controls over half the equity, exercises too much control. In March 1993 two well-known non-executive directors resigned from the Hi-Tec board only a few weeks after they had been appointed, thus leading to speculation that they had not been able to get along with van Wezel's management style.

Mackness will divide his time equally between the UK and the US, the group's two main operating areas. Formerly with Cadbury Schweppes and Imperial Tobacco, Mackness joined Hi-Tec as marketing director in 1981. In 1986 he took charge of the group's UK operations before moving to California as president of Hi-Tec USA in 1989. Since then Hi-Tec's North American turnover has grown from \$9m to \$49m last year. Hi-Tec's shares, which traded over £2 in 1992, were unchanged at 41p yesterday.

## Non-executive directors



Dominic Cadbury (above), 54, chairman of Cadbury Schweppes who joined the Guinness board in 1991, has been appointed joint deputy chairman and chairman of the non-executive committee of GUINNESS. He takes over at the end of the year when Sir David Plaistow, 62, retires; Sir David has been chairman of Inchcape since 1992.

Lord Prior has retired from UNITED BISCUITS (HOLDINGS). John Perry, retired UK chairman and md of Unilever, at TRACE COMPUTERS. Kenneth Minton, chief executive and md of Laporte, at JOHN MOWLEM & COMPANY. Derek Pearce, former personnel director of Tioxide, and Jack Rowell, a director of Dalgety, at CELSIS.

## Peripatetic Perkins picks publisher

The explosion of interest in new media is encouraging some interesting excursions across traditional boundaries. Fred Perkins, former head of the Financial Times electronic information services, has been appointed group vice-president for the McGraw-Hill Book Company, based in Maidenhead, near London.

His responsibilities will cover Europe, the Middle East and Africa. Perkins' experience of on-line information goes back more than two decades but

this is his first experience of management in the world of traditional book publishing: "I believe McGraw-Hill wanted somebody who is aware of the publishing world but who comes from outside it," Perkins says, adding that the company is a combination of state of the art innovator and established business.

McGraw Hill, founded in 1888 with sales last year of around \$2bn, is already experimenting with new media forms - it publishes its entire book catalogue on CD-ROM.

Another trial involves allowing college teachers to pick and mix sections from McGraw-Hill textbooks to create material tailored to each course, the idea being to render illegal photocopying unnecessary.

Perkins, 46, studied electrical and electronic engineering at the universities of Strathclyde and Glasgow and carried on to an MSc at Sussex and research in medical electronics at Dundee.

He worked for Citibank, ICL and I.P. Sharp (now part of Reuters) before the FT, where he led the successful campaign to convince the Monopolies and Mergers Commission that FT Profile's licensing practices were not against the public interest.

Although his old company and his new are aiming at the same markets, he does not rule out the possibility of collaboration as the multimedia revolution redraws the boundaries of competition.

## Walpole: 'blowing its own trumpet'

Jeremy Franks (right), group chief executive of Daks Simpson group, has been appointed the new chairman of the Walpole Committee, replacing Giles Shepard, who has stepped aside now he is no longer chief executive of the Savoy group, one of the committee's members.

The committee was set up in June 1992 in order to promote British industry's reputation for quality and style in goods and services, along the lines of France's Comité Colbert. Among its eight founder members was the Financial Times. Its membership includes such well-known companies as British Airways, Land Rover and Mappin & Webb. Each company pays a fee, based on turnover, but the amounts are not disclosed.

There have been suggestions that in the two years since its inception the committee has



little concrete to show for its work, an accusation Franks rebutted yesterday. "We have been trying to build up our membership in what was a difficult time. To have reached 31 main and six associate members is commendable. The question is now how we go forward and exploit that."

Franks, 57, added that there has been "tremendous interfacing" between the members and denied that the committee is one grand public relations exercise. "The British tend to be laid back and modest. We are trying to blow our own trumpets, but trying to get an overall game plan is very difficult. One day in the near future I am sure that the Walpole Committee will be the spokesman for British excellence."

From the point of view of his own company, Franks said that one of the achievements of belonging to the committee has been the "interfacing it has brought about with other companies, such as British Airways". First item on his agenda is to "get together personally with each of the members and then from that form a control basis of companies that relate to each other."

Robert Jack, an independent member of the Securities and Futures Authority and retired senior partner of McGrigor Donald, has been appointed a member of the SECURITIES AND INVESTMENTS BOARD. Rajan Uddin Jalal, a councillor in Wapping, has been appointed to the LONDON DOCKLANDS DEVELOPMENT CORPORATION.

Barclay Forrest, a former vice-president of the NFU in Scotland, has been appointed chairman of BRITISH CEREAL EXPORTS in succession to Rowan Cherrington.

Malcolm Dean, a non-executive director of a number of small companies, has been appointed chief executive of the INSTITUTE OF FINANCIAL ACCOUNTANTS.

Julian Tonks, senior partner at Pimsett & Co, has been appointed chairman of Birmingham's COMMON PURPOSE.



## Sutcliffe Tools Limited

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Sutcliffe Tools Limited.

Principal features include:

- Retail tool merchants and industrial ironmongers
- 125 year leasehold premises at Burnham Trading Park, Burnley
- Turnover of £300,000 per annum
- Stock of approximately £80,000

For further information contact the Joint Administrative Receivers Philip Ramsbottom or Peter Terry, KPMG Peat Marwick, St James Square, Manchester M2 6DS. Tel: 061 838 4000. Fax: 061 838 4089.



## STATE PROPERTY AGENCY

### INVITATION TO BID

The State Property Agency invites a tender for the purchase of the state-owned shares of BUDAPESTI TŰZELŐ-ÉS ÉPÍTŐANYAG-KERESKEDELMI RÉSZVÉNYTÁRSASÁG (under registration) (Budapest Fuel and Building Material Trading plc.)

According to the balance sheet of January 31, 1994, the company's main data are the following:

Equity	HUF 651,503,000
Subscribed capital	HUF 592,030,000
Capital reserve	HUF 59,473,000
Nominal value of SPA shares	HUF 592,030,000 (100%)

The caller will not accept leasing and instalments. At most 10 percent of the purchase price can be paid with compensation vouchers, at most 40 percent with E-credit, while at least 50 percent shall be paid in cash.

Under the Asset Policy Guidelines the caller of the tender ensures preferential ownership acquisition beyond competition to employees up to 10 percent of the shares, that is a block of shares with a face value of HUF 59,203,000.

The main profile of the plc. is fuel and building material trading and related services in Budapest.

#### Conditions of participation:

- submission of a bid for a share package with a face value of at least HUF 296,030,000 amounting to 50 percent plus one share of the subscribed capital.
- a statement of secrecy concerning the information provided
- certificate of payment of HUF 6,500,000 as retention money or bank guarantee for the equivalent.

Detailed conditions of participation in the tender are included in the Information Documentation.

#### Deadline for submission:

January 11, 1995, between 12.00 and 13.00

#### Place of submission:

Allami Vagyongénykönyv  
1133 Budapest, Pozsonyi út 56.  
Room 804.

Bids should be submitted to the above address in three copies, marking the original copy, in a sealed envelope, without the sender's name. "Pályázat Budapesti Tűzép Rt." should be written on the envelope. Bids should unmistakably indicate that the bid is valid for 90 calendar days from the submission date. After the opening of the tender the SPA may require verbal or written supplement. The State Property Agency reserves the right to declare the tender unsuccessful.

A precondition for tender submission is the purchase of the tender documents including also the detailed rules procedure, for HUF 10,000 plus VAT, at the Customer Service of the SPA at 1133, Budapest, Pozsonyi út 56.

For further information please contact

Budapesti Tűzép Vállalat

1093 Budapest, IX. Közvárosi utca 32.

Hungary

Mrs. Adrián Nemesvári general director

Telephone: (36-1)-217-0120

217-0130

Telefax: (36-1)-217-1909

## INVEST IN HUNGARY • A SAFE EXPANSION

### PUBLIC NOTICE

### NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SECTION 7(7) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows:

1. He intends to revoke the Class Licence to run Branch Systems to Provide Telecommunication Services which was granted by the Secretary of State under Section 7 of the Telecommunications Act 1984 ("the Act") on 15 July 1992 ("the Current Licence"). The Current Licence requires (in Schedule 2, paragraph 1) not less than thirty days' notice of revocation, and revocation will be carried out the day after the end of 30 days from the day of publication of this notice.
2. The Secretary of State has also granted, on the day of publication of this notice, a new Class Licence to run Branch Systems to Provide Telecommunication Services ("the New Licence"). This differs from the Current Licence only in paragraphs 2.3 and 4.2 of Schedule 1, and paragraphs 15, 16 and 25 of Annex C.
3. The effect of the variations to Annex C is that, for the purposes of assessing whether International Simple Resale is being provided by means of systems running under the New Licence, the use of a Centrex service provided by a Public Telecommunications Operator will be disregarded where it is used only to provide to the end-user such initial or final switching and transmission as the end-user could lawfully sub-provide by means of his own apparatus, such as a private automatic branch exchange, under the Class Licence for the Running of Self-Provided Telecommunications Systems which was granted by the Secretary of State on 30 July 1992. The variations to Conditions 2 and 4 in Schedule 1 are consequential amendments relating to the reissue of specifications made under these Conditions in the Current Licence.

Jan Dixon  
Department of Trade and Industry

4 November 1994

## BUSINESSES FOR SALE

Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

For further information or to advertise in this section please contact

Karl Loynton on 071 873 4780 or  
Lesley Sumner on 071 873 3308

FINANCIAL TIMES  
EUROPE'S BUSINESS NEWSPAPER

## BUSINESSES FOR SALE

### INVITATION FOR THE HIGHEST BID FOR THE PURCHASE OF THE GROUPS OF ASSETS OF "METALLURGIKI HALYPS SA, OF ATHENS, GREECE"

ΕΠΙΧΕΙΡΗΣΙΑΚΗ ΔΙΑΧΕΙΡΙΣΗ ΑΣΕΤΩΝ ΚΑΙ ΕΥΧΕΙΡΕΣΤΕΙΑΣ, 1 Σκουλερίου Στ., Αθήνα, Ελλάδα, in its capacity as Liquidator of METALLURGIKI HALYPS S.A., a company with its registered office in Athens, Greece, (the Company), presently under special liquidation according to the provisions of Article 46a of Law 1892/1990, (as supplemented by article 14 of Law 2000/1991),

#### announces a call for tenders

for the purchase of any or all of the groups of assets mentioned below, each one of which is being sold as a single entity.

#### BRIEF DESCRIPTION

The Company was established in 1972 and was in operation until 1991, when it was declared bankrupt. Its activities included the production of concrete reinforcing iron in rolls and bars. On 10.04.94, the Company was placed under special liquidation according to the provisions of Article 46a of Law 1892/1990, as supplemented by article 14 of Law 2000/1991 and article 53 of Law 2224/94.

#### GROUPS OF ASSETS OFFERED FOR SALE

1. **STEEL PRODUCING INDUSTRIAL COMPLEX "A.C.T.SINGELIS" IN THE COMMUNITY OF ALMYROS, VOLOS. (1st Auction)** This is a steel foundry rolling mill, occupying an area of approx. 575,215 m<sup>2</sup>, comprising the following buildings:  
a. Rolling Mill approx. 2x3,700m<sup>2</sup>  
b. Steel Foundry, approx. 7,600 m<sup>2</sup>  
c. Several auxiliary buildings (office, storage areas, water processing unit, workshop, weighing area, underground tanks, auxiliary areas, etc.) The plant's machinery and mechanical equipment, the company's trade name and any such trade or claims as there may exist are also being offered for sale. It should be noted that past facilities were created to deal with the plant's needs, through the acquisition of special permits granted by the public authorities. The future owner of the plant will have to apply to the relevant public authorities for the renewal of the said permits, allowing the further use of these facilities (which constitute public property).
2. **OTHER ASSETS (2nd Auction)** These include the following:  
a. A 47.425% share of a plot of land covering 7,991.46 m<sup>2</sup> and a 50% share of three (3) storage buildings, of 1,500 m<sup>2</sup>, 1,965 m<sup>2</sup>, and 100m<sup>2</sup> respectively, standing on it, located in the Local Authority of N. Menemeni, Thessaloniki.  
b. A 47.425% share of a plot of land covering 2,552 m<sup>2</sup> and of the storage building standing on it, the surface of which amounts to 1,500 m<sup>2</sup> also located in the Local Authority of N. Menemeni, Thessaloniki.  
c. Agricultural plot of land amounting to 12,875 m<sup>2</sup> at Simandra, in the Local Authority of N. Moudonia, Chalkidiki.  
d. Agricultural plot of land amounting to 4,312 m<sup>2</sup> in the same area as plot (c).

#### OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets thereof upon signing a Confidentiality Agreement.

#### TERMS AND CONDITIONS OF THE AUCTIONS

1. The Auctions shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
2. **Bidding Offers:** Interested parties are hereby invited to submit binding offers not later than Monday, 5th of December 1994 at 12.00 hours to the Athens Notary Public Mr. Evangelos Dracopoulos, address 14, Voukourestiou Str., Athens 106 71, tel: +30 1 361 57 32, fax: +30 1 362 11 11. In order to bid for both of the above groups of assets, one should submit two separate offers. Offers should expressly state the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the latest thereof and the proposed annual rate of interest if any). In the event of not specifying (a) the way of payment, (b) whether the instalments bear interest and (c) the interest rate, then it shall be deemed that (a) the offered price is payable immediately in cash, (b) the instalments shall bear no interest and (c) the interest rate shall be the legal rate in force. Binding offers submitted later than the above date shall neither be accepted nor be considered. The offers shall be binding until the adjudication. Submission of offers in favour of third parties to be appointed at a later stage shall be accepted under the condition that express mention is made in this respect upon submission and that the offeror shall give a personal guarantee in favour of such third party.
3. **Letter of Guarantee:** Binding offers must be accompanied by a Letter of Guarantee, issued, in accordance with the draft Letter of Guarantee contained in the relevant Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amount of the Letters of Guarantee must be as follows: (a) for the Steel Producing Industrial Complex at Tangelis (1st Auction), Dr. FOUR HUNDRED MILLION (400,000,000) and (b) for the Other Assets (2nd Auction) Dr. THIRTY MILLION (30,000,000). Letters of Guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the Letters of Guarantee shall be forfeited as a penalty.
4. **Submissions:** Binding offers together with the Letters of Guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
5. Envelopes containing the binding offers shall be unsealed (successively as mentioned above, i.e. 1st Auction, 2nd Auction) by the above mentioned Notary Public in his office, on Monday, 5th December 1994, at 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
6. As the highest bidder shall be considered the participant, whose offer will be judged, by creditors, representing over 51% of the total claims against the Company ("the Creditors"), in their discretion, upon suggestion of the Liquidator, to be in the best interests of all of the creditors of the Company. For the purposes of evaluating an offer to be paid by instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of an annual discount interest rate of 22% compounded yearly.
7. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of the sale in accordance with the terms contained in this binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon the execution of the contract of sale.
8. All costs and expenses of any nature in respect of the participation and the transfer of assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
9. The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision taken or made in connection with the proceedings of the Auctions. The Liquidator and the Creditors shall not be liable for any loss or damage suffered by the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision taken or made in connection with the proceedings of the Auctions. The Liquidator and the Creditors shall not be liable for any loss or damage suffered by the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision taken or made in connection with the proceedings of the Auctions.
10. This invitation has been drafted in Greek and translated into English. In any event the Greek version shall prevail.

#### ANNOUNCEMENT BY A THIRD PARTY

The Privileged Company of General Warehouses S.A. (P.C.G.W.) has asked the Liquidator through an extrajudicial statement to include in the present invitation the following declaration:

"The immovable property to be auctioned had been recognised in its entirety (all houses and open spaces) since the year 1979 to be in the Annex of P.C.G.W. assimilated to a Central Warehouse by art. 15D.3077/54 and it is therefore subject to the exclusive 'key-in-hand administration' of P.C.G.W., which has the unrestricted right, free of participation, for the needs of the administration of all the merchandise delivered and warehoused by the Metallurgiki Halyps SA into this Private Annex, whether securitised or not, and the functioning of this Private Annex will be continued until the end of the administration of such merchandise, which nowadays consist on the one hand of the existing inventory on 'Koutouki' camp (subject in their entirety as they are and held to the Administration of P.C.G.W., through the express judicial consent of the representatives of Metallurgiki Halyps S.A.) and of the other hand, of the quantity of billets sold, which still remains in the furnace of the factory, not having been delivered due to inability to extract it from there due to a lack of electricity".

Ethniki Kephalaoui will be handing to prospective buyers a copy of the above mentioned extrajudicial statement of P.C.G.W. and will be furnishing information concerning the course of the matter.

In order to obtain the Offering Memorandum and any further information please apply to the Liquidator "Εθνική Κεφαλαίου Σ.Α., Administration of Assets and Liabilities", 1, Skouleliou Str. Athens 10561, Greece. Tel: +30 1 321 14 84 - 7 fax: +30 1 321 07 05 (attention Mrs. Manika Frangakis).

## CONTRACTS & TENDERS



### HELLENIC REPUBLIC MINISTRY OF TOURISM NOTICE OF INTERNATIONAL CALL FOR TENDERS in the DEVELOPMENT OF CASINO ENTERPRISES IN GREECE (Law 2208/1994 Government Gazette 1615B/1994)

Interested parties are hereby invited to obtain the particulars of a Call For Tenders pertaining to the award to the highest bidder of the 5 Casino licenses which are to be accompanied by investments in Tourism that will extend to the whole country.

The installation sites of the enterprises are the following:

1. The Isle of Crete (Repeated call)
2. The Isle of Rhodes at Hotel of the Roses (Repeated call)
3. The Isle of Corfu (Repeated call)
4. The Isle of Syros (Repeated call)
5. In Thrace (New call)

The aim of the tender is the creation of high standard Casinos and the realization of substantial investments that will benefit Tourism in Greece and the National Economy. The investments proposed by the candidates will be evaluated in accordance to the criteria specified by Law 2208/1994, the contribution to the development of Tourism in the country as well as the upgrading of Tourism in the areas that these enterprises will operate.

Particular importance will be placed on the creation of special tourist infrastructure installations and projects, that will attract high level tourists to Greece, as for example, Conference Tourism, Winter Tourism and Marine Tourism.

Investors wishing to take part in the tender may obtain all relevant details and a copy of tender documents from the following address:

MINISTRY OF TOURISM  
SECRETARIAT OF THE INTERNATIONAL COMPETITION  
FOR THE CONCESSION OF CASINO LICENSES  
TO THE HIGHEST BIDDER  
2 AMERIKIS ST.,  
5TH FLOOR - OFFICES 517-518  
105 64 - ATHENS - GREECE  
TEL. 3221239  
FAX. 3232605

### MANUFACTURING BUSINESS FOR SALE

Our client is a well-established, profitable, Northern based manufacturing company operating primarily in the office furniture and melamine panels market. They have a broad UK customer base and operate from a modern factory with a workforce of 25. The shareholders now wish to make a complete disposal of the company, although operational management can remain.

The business is experiencing rapid growth and have recently introduced new products to provide a platform for continuing progress both in the UK and Europe. Principals only should write to:

Mrs S J Hudson ACA  
15 Pearson Corporate Finance  
Riverside Court, North Lane,  
Huddersley, Leeds TS16 3HF

### RESIDENTIAL PROPERTY SALES, MANAGEMENT & LETTINGS

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Contact: Jack Chapman, Brian Walker,  
Audrey House, 1029 E9 Place,  
London E11 6AN. Tel: 071 490 1111  
Agents: c. 10 in the UK, c. 10 in the EU, c. 10 in the USA  
and c. 10 in the Middle East.

### IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF  
CITY OF WESTMINSTER  
ASSURANCE COMPANY LIMITED

IN THE MATTER OF  
CITY OF WESTMINSTER  
ASSURANCE SOCIETY LIMITED

IN THE MATTER OF  
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 4th day of October 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Capital of the above-named Company (the "Company") from £20,000,000 to £25,000,000 by inter alia reducing capital which is in excess of the value of the Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London, W.C.2A, 2AL on Wednesday the 7th day of December 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Accounts should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same.

DATED 4th day of November, 1994

The Brough Sherratt Law Partnership  
One Dyer Buildings  
London EC1N 2SX  
Solicitors for the above-named Company.

### NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

Name of company: KPMG Ltd Limited.  
Registered No: 2301449. Trading name: KPMG Ltd Limited, 11, Abchurch Lane, London EC4N 3DF.

Name and address of joint administrative receivers: David John Stokes and Michael Joseph Morris, Coppers & Lybanski, 1 East Parade, Sheffield, S1 1ST. Office holder numbers 2067 and 5502. Date of appointment: 24 October 1994. Name of appointor: South Yorkshire Personal Authority.

Signed: D.J. Stokes  
Date: 25 October 1994.

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New Issue  
November 4, 1994

All these Bonds having been sold, this announcement appears as a matter of record only.



## EUROPEAN INVESTMENT BANK LUXEMBOURG

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DRESDNER BANK AKTIENGESSELLSCHAFT		
BAYERISCHE LANDESBANK GIROZENTRALE	CAISSE DES DEPOTS ET CONSIGNATIONS GMBH	CS FIRST BOSTON EFFECTENBANK AKTIENGESSELLSCHAFT
DG BANK DEUTSCHE GENOSSENSCHAFTSBANK	GOLDMAN, SACHS & CO. OHG	MERRILL LYNCH BANK AG
J.P. MORGAN GMBH	SCHWEIZERISCHE BANKGESELLSCHAFT (DEUTSCHLAND) AG	SCHWEIZERISCHER BANKVEREIN (DEUTSCHLAND) AG
ABN AMRO BANK (DEUTSCHLAND) AG	BANK BRUSSEL LAMBERT N.V.	BANQUE PARIBAS (DEUTSCHLAND) OHG
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INTERNATIONALE NEDERLANDEN BANK N.V.	LEHMAN BROTHERS BANKHAUS AKTIENGESSELLSCHAFT	MORGAN STANLEY GMBH
NORDEUTSCHE LANDESBANK GIROZENTRALE	SALOMON BROTHERS AG	SOCIETE GENERALE - ELSASSISCHE BANK & CO.
TRINKAUS & BURKHARDT KOMMANDITGESELLSCHAFT AUF AKTIEN		
S.G. WARBURG & CO. GMBH		

## THE PROPERTY MARKET

### A revamped Red Book

Simon London on new rules  
and techniques for valuations

#### Unfinished business



Mallinson Report recommendations still to be addressed

- Modification of all-risks yield approach
- Codifying discounted cashflow techniques
- Development of definition of worth (as opposed to value)
- Development of methods for expressing valuation uncertainty
- Standards for measuring and expressing price trends
- Guidance on derivation and expression of opinions on future prospects for values

days or less. Under such circumstances, they argue, enacting Red Book requirements will simply not be practical.

Should valuers give customers what they want - a professional but speedy response - or should they insist on a more formal approach?

The institution has suggested a compromise: advice to sellers during estate agency work is excluded from the new Red Book, but reports given to potential purchasers are covered.

Even so, many commercial and residential estate agents will find working under the rigours of the Red Book something of a shock.

"The back of the envelope unfortunately remains a basic tool of the trade for many valuers," said Mr Jeremy Waters, senior valuation partner with Jones Lang Wootton.

The second area of contention goes to the heart of the

valuers' work. The new Red Book will enshrine a new basis of valuation - estimated realisation price - to complement open market valuation.

The concept of estimated realisation price has its roots in banking. Banks, the argument runs, are not interested in what a property is actually worth today, but how much they might raise if they decided to sell. Open market valuations are therefore too backward-looking.

Estimated realisation price assumes a building is put on the market immediately and involves the valuer judging how long it will take to sell and how the market might move in the interim.

The concept was given official approval in valuation guidance note 12, issued by the Institution in conjunction with the British Bankers'

Association earlier this year.

The note was an honest effort to promote better understanding between valuers and bankers. Since much of the litigation surrounding negligent valuations has been brought by banks, few valuers would quibble with this aim.

But introducing estimated realisation price into the wider context of the new Red Book is more controversial. There are three main objections:

- Most international valuation standards give open market valuation as a common method, so the UK risks moving away from accepted international practice by introducing an alternative.
- Rather than bringing clarity to valuations, clients will become confused about what the different bases offer.
- Valuations based on estimated realisation price could be open to abuse, because they involve an element of judgment about how the market is likely to move.

Mr John Rich, head of valuations at Knight Frank & Rutley, the surveyors, is openly opposed to the introduction of estimated realisation price.

"My main concern with what is being proposed is the new definition of value. There will be widespread confusion about what the different bases of valuation are supposed to provide," he says.

The debate surrounding the new basis of valuation underlines that the next phase of the reform process will be much more controversial. The Mallinson Report suggested a fresh look at the all-risks yield approach, the method of valuation used when open market evidence is not available. It also called for work on alternative methods based on the cashflow of a building.

The report did refute suggestions that the all-risks yield approach was simplistic compared with valuation approaches used in other financial markets. But it also acknowledged that methods of valuation should withstand scrutiny if the profession is to retain clients' confidence. Reforms proposed so far do not go far enough.

Much therefore depends on behind-the-scenes work on valuation techniques and the response of valuers to further reform. The real test will be whether the profession is prepared to adopt methods more in tune with the needs of its clients, even if that means changing other cherished tools of the trade.

## COMMERCIAL PROPERTY

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### CONTRACTS & TENDERS

Government of the Republic of Albania  
Critical Imports Project

INDIVIDUAL PROCUREMENT NOTICE  
INVITATION FOR BIDS MOT 25/BIS-2

Credit No: 2404 ALB

Contract Name: Single Deck Urban Buses

1. The Government of the Republic of Albania has received a credit from the World Bank in various currencies under the Critical Imports Project and it is intended that part of the proceeds of this loan will be applied to the payments under the contract for Single Deck Urban Buses for the Ministry of Transport, Tirana.

Bidding will be conducted through International Competitive Bidding procedures under the Guidelines for Procurement of the World Bank and is open to all bidders from eligible source countries as defined in the said Guidelines.

2. The Project Implementation Unit, Ministry of Finance now invites sealed bids from eligible bidders for supplying:

Single Deck Urban buses 20 No.

3. Interested eligible bidders may obtain further information from:

Director, Project Implementation Unit, (PIU)

Ministry of Finance, Boulevard "Dëshmorët e Kombit"

Tirana, Albania

Tel: 355 42 27938 Fax: 355 42 27941

4. A complete set of bid documents in English may be purchased by any eligible bidder on the submission of a written application to the above and upon payment of a non refundable fee of US\$200. The documents will be sent by DHL courier or handed to a representative of the eligible bidder. Payments are to be made to A/C 4561/107/01, National Commercial Bank, Sheshi Skenderbeg, Tirana, Albania.

TENDER DOCUMENTS WILL BE AVAILABLE FROM THE PIU OFFICE IN TIRANA FROM 4 NOVEMBER 1994.

5. All bids must be accompanied by a Bid Security, details of which are to be found in the Bidding Documents.

6. Bids will be opened in the presence of those bidders representatives who choose to attend at 1200 Noon, 20 December, 1994 at the office indicated in para 3.

مكاتبنا في لندن



# Spectacular reticence

The praise for Gothenburg's new opera house should be sung from the roof-tops, writes Andrew Clark

For a city which has just acquired a splendid new opera house, Gothenburg is being very quiet about it. The Operan, to use its Swedish name, opened last month with three song-and-dance evenings targeted at a local public. It has just unveiled its first stage production, Karl-Birger Blomdahl's space opera *Andara*, sung by members of the local ensemble. The programme contains no translations for foreigners, and unlike other recent opera house inaugurations, no attempt has been made to attract international attention.

It is as if Gothenburg could not care less what an international public thinks of its new opera house. And, you might ask, why should it? The theatre was designed not for jet-setting connoisseurs, but for the working people of Sweden's second city, who have struggled against considerable odds to get it built.

Nonetheless, the absence of fanfare is surprising. Gothenburg, with its westward-looking port, has always thrived on its openness to the world. It is even more surprising when you see the new theatre's spectacular harbourside location, its practical design and user-friendliness: its praises deserve to be sung from the rooftops.

The reticence can be partly explained by management instability in the run-up to the opening. The opera house has been a hot political potato since it was first seriously mooted in the 1960s. There have been rowdy demonstrations, arguments about where it should be sited and who should pay, and repeated attempts by local politicians to dictate the style and content of the programme. These machinations resulted last year in the sacking of the Gothenburg Opera's artistic and administrative directors.

Their replacements arrived only three months ago - to find a building far behind schedule: even now, the stage lighting is not properly installed. The new artistic director is Juhani Rinnekinen, an experienced conductor and manager who ran the Finnish National Opera from 1973 to 1984. As a professor at the opera school in Gothenburg, he knew the situation and quickly won the backing of staff.

But the reticence also reflects the fact that Gothenburg has not pro-

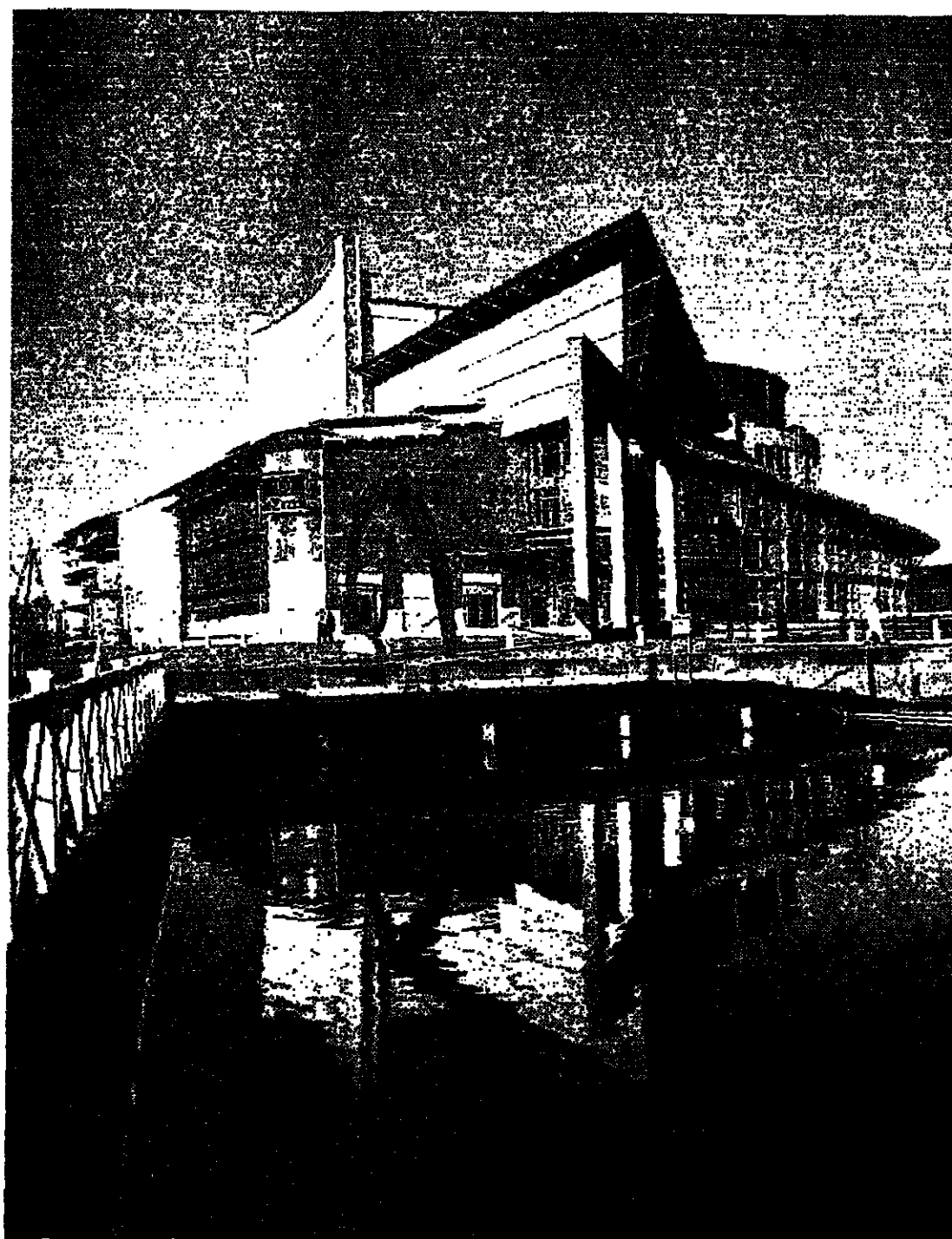
vided enough money to run the theatre properly. The city laid detailed plans in the boom years of the 1980s, and by a stroke of good timing, signed the builders' contracts before recession began to bite. The final bill - much of it paid by business and private subscribers - was SKr558m (£48m), half the cost of Helsinki's opera house. With 1250 seats and a stage of 475 square metres, the new theatre has more than double the capacity of the old Stora Teatern (Grand Theatre), a beautiful but crumbling structure. Now that Gothenburg has the chance to compete and co-produce at international level, it cannot pay for theatre of international quality. There are only 39 members of the chorus, 78 in the orchestra and 50 in the ballet.

Rinnekinen says raising standards above the provincial will take time and money. "People here have seen *Shen Lake* on the old stage and cannot understand why we don't revive it in the new theatre. With our present corps de ballet, the dancers would be lost. And can you imagine the end of the first act of *Tosca* with a chorus of 30 on a stage this size? You can bluff your way now and then, but not for 220 performances a year."

Never mind: the fabric of the building is in place, and what a magnificent site it occupies, with cranes and ocean-going ferries looming across the water, leisure craft moored literally on the theatre's cobbled doorstep, and everywhere a real smell of the sea. The long curved lines of a ship's hull have been incorporated in the exterior design, which has buoyant roof projections, spiked fly-tower corners and a swirling glass facade offering panoramic views up and down stream. Standing apart from other buildings just a stone's throw from the city centre, it fits the harbour environment perfectly.

Inside, the atmosphere is warm and intimate, thanks to cherry-wood floors and a traditional horseshoe design with three balconies. The acoustic is probably a little too bright (it was hard to judge from my seat on a covered side-balcony). Jan Ilkowitz, a Swedish architect of Polish origin, deserves credit for creating a theatre which has character but is never boastful.

*Andara* is hardly an opera for the



A political hot potato since the 1960s: the splendid new Operan in Sweden's second city

common man, but the Gothenburg performances - which run till the end of November - sold out quickly because of interest in the new theatre. Blomdahl (1918-1988) based his first and most successful opera on a book by the Swedish author Harry Martinson. It takes place entirely within a spaceship, which hurtles into eternity after abandoning a poisoned Earth. The master is a near-human computer, the Mima, which is fed lumps of pure earth and operated by a mysterious character called Mimaroben. With the onset of despair and moral decline, the computer expires and the passengers gradually die.

The opera was first produced in 1969 by the Royal Opera in Stockholm. It created quite a stir - this

was two years before man went into space - and even today, 25 years after the first moonwalk, a space opera throws up all kinds of stimulating ideas. What has dated is Blomdahl's music. An easy-on-the-ear mixture of jazz, vocalise, choral chanting and lyrical flourishes, it has episodic atmosphere but lacks a coherent personality. The use of the original electronic tapes only underlined the point.

A good production would have overcome these limitations. That the Gothenburg performance fell short was not the fault of the cast, which included a Mimaroben of eerie presence in Mats Persson, a capable Blind Poetess in Carolina Sandgren and a strong cameo from Ragnar Ulfung as the comedian

Sandron. The weakness lay in Leif Segerstam's unsuitable conducting and Marie Feldtmann's staging, which used romantic choreography (Virpi Pakkinen), quaint and colourful costumes (Annsöfi Nyberg) and a set dominated by a tree representing the Mima (Lars Osthergh).

What Feldtmann saw in *Andara* was a metaphor for people who lose their illusions about life and discover that their dreams and aspirations no longer matter. But what we saw was a traditional, earthbound opera.

The Gothenburg Symphony Orchestra plays Sibelius' music for *The Tempest* at the Barbican in London on Saturday November 5.

ments from small arts organisations, but larger institutions will be required to make a better show.

The TSB has revamped its arts sponsorship programme. In the future, it will concentrate on those three popular corporate causes, education, youth and opportunity, with a budget of around £300,000 a year. The first fruits of its new policy will be announced on November 17 at the National Gallery. The bank is to pay the transportation costs to bring school children from outside the London area for a first visit to the gallery. Their teachers will receive back-up support materials.

Another scheme provides for children who cannot get to the NG to receive information packs which will enhance a visit to their local art gallery. Next year a similar exercise will be launched with the LSO, enabling children to attend concerts at the Barbican on discount tickets. A third scheme is to be announced next year.

British arts institutions, from museums to theatres to orchestras, will need all the friends, British and foreign, private and corporate, they can find in the next few years. For to attract money from the lottery, they must show their ability to raise a matching sum. The Arts Council has made it clear that it does not expect substantial commit-

## Sponsorship/Antony Thorncroft

### More friends in foreign places

will announce that an American company is putting up in excess of £1m to create a new and permanent North American gallery at the Museum. In recent years the Museum's collection of native American art has been shown intermittently at its offshoot, the Museum of Man-kind. It is now coming back to Great Russell Street as part of the BM's 250th anniversary celebrations. It will be the museum's largest ever corporate gift.

It is amazing how generous Americans are in underpinning the cultural life of London - especially if their name is Sackler. Last month the National Gallery reopened its British room, devoted to the masterpieces of Turner, Constable, Gainsborough, etc. It looks magnificent, restored to its 1970s splendour. And

the cost, well in excess of £1m, was footed by Mortimer and Theresa Sackler, who in the past have given £500,000 to the Tate.

Pop over to the British Museum and admire the new Ancient Near East and Early Egypt galleries and thank Raymond and Beverley Sackler, while the Royal Academy has been transformed by the generosity of the late Arthur and Jill Sackler, who gave millions towards the galleries that bear their name. The UK obviously still has good friends in the US, at least in the Sackler family, whose fortune was founded in the pharmaceutical industry.

But by far the most generous recent benefactor to a British gallery is the £12m to the Tate from a mysterious American. The money will be spent on revamping the old

building, making it a fitting, and much larger, home for the British collection when the modern stuff has gone to the new Tate Gallery of Modern Art on Bankside. The giver is shy of publicity and has been anonymous until now. He is Edwin Manton, Essex born but living in the US since 1933, where he made a fortune in insurance.

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## INTERNATIONAL ARTS GUIDE

### EXHIBITIONS

AMSTERDAM  
Van Gogh Museum Odilon Redon (1840-1916): 180 works exploring the artist's development, sources and influences. Ends Jan 15. Daily  
Stedelijk Museum Asger Jorn (1914-1973): retrospective of the Danish artist. Ends Nov 27. Daily  
Rijksmuseum Decorated Paper: a remarkable collection of marbled, chintz and brocade paper manufactured in and imported into the Low Countries from the early 17th century. Ends Feb 12. Closed Mon  
BASLE  
Kunstmuseum Fernand Léger (1881-1955): an exhibition focusing on the major creative period from 1911 to 1924. Ends Nov 27. Closed Mon  
Museum für Gegenwartskunst Gary Hill (b1951): a series of new installations and videos by the American artist. Ends Jan 29. Closed Mon  
BERLIN  
Brücke Museum Early Kandinsky: a survey of a little-known period in

the German Expressionist's development. Ends Nov 27. Closed Tues  
Altes Museum Eldorado: pre-Columbian gold treasures from South America. Ends Jan 8. Closed Mon  
Kunstmuseum Bern Giovanni Varesco: retrospective of the Italian fashion designer, including sketches and theatre costumes. Ends Nov 25. Closed Mon  
BRUGES  
Groeningemuseum Hans Memling: 40 works by the 15th century Flemish master. Ends Nov 15  
CHICAGO  
Art Institute Karl Friedrich Schinkel (1781-1841): 100 drawings and prints by the influential German architect, on loan from public collections in Berlin. Ends Jan 2. Daily  
FRANKFURT  
Jüdische Museum The Rothschilds: an evocation in painting of the 250-year history of the famous Jewish dynasty. Ends Feb 27  
Sohm Kunsthalle Nicholas de Stael (1814-55): retrospective of the Russian-born artist, documenting his intense but tragically brief career. Ends Nov 27. Daily  
Jahreszeiten Hoechst Contemporary Art from the Collections of Frankfurt Banks. Ends Nov 20. Daily  
HAMBURG  
Kunsthalle Rembrandt and his Century: Netherlandish drawings from the 17th century. Ends Jan 15. Closed Mon  
LIVERPOOL  
Tate Gallery Barbara Hepworth: the first major retrospective of the British sculptress's work since

1966. It includes 90 sculptures and 30 drawings from public and private collections around the world. Ends Dec 4. Closed Mon  
LONDON  
National Gallery The Young Michelangelo. Ends Jan 15. Daily  
Tate Gallery James McNeill Whistler: the largest collection of the American-born artist's work since the memorial exhibitions held after his death in 1903. Ends Jan 8. Rebecca Horn: retrospective of the contemporary artist, focusing on her extraordinary machines and installations (coinciding with another Horn show at the Serpentine Gallery). Ends Jan 8. Daily  
Hayward Gallery The Romantic Spirit in German Art 1790-1890. Ends Jan 8. Daily  
Royal Academy of Arts The Glory of Venice. Ends Dec 14. Italian Renaissance Book Illumination. Ends Jan 22. Daily (advance booking 071-240 7200)  
Royal Festival Hall Käthe Kollwitz (1867-1945): a collection of the German artist's powerful and emotive prints. Ends Dec 4. Daily  
Dover Street Gallery Gary Sheard (b1942): paintings and etchings inspired by D.H. Lawrence's novel Kangaroo. This is the first time the Australian artist's work has been exhibited in the UK. Ends Nov 30  
LYON  
Musée des Beaux-Arts Maurice Denis: the first retrospective in France since 1970, with more than 200 canvases, sketches and objets d'art by the Nabis artist. Ends Dec 18. Closed Mon and Tues  
MADRID  
Fundació la Caixa Kandinsky and Mondrian - Two Roads Toward Abstraction: this exhibition, marking

the 50th anniversary of the deaths of two great pioneers of modern art, aims to illustrate the parallels and differences in their stylistic evolution. Ends Nov 13 (after which it will transfer to Barcelona). Closed Mon  
Fundación Juan March Treasures of Japanese Art: 110 works from the 17th to 19th century, on loan from Tokyo's Fuji Art Museum. Ends Jan 22. Daily  
MANNHEIM  
Kunsthalle Neue Sachlichkeit - Figurative Painting in the 1920s: a survey of the realistic artistic movement which developed in reaction to German Expressionism, and which was first recognised by a landmark exhibition in Mannheim in 1925. Artists represented include Otto Dix, George Grosz and Georg Scholz. Ends Jan 29 (with a companion show at the Wilhelm-Hack-Museum in Ludwigshafen). Closed Mon  
MANTUA  
Palazzo Te Leon Battista Alberti: the first exhibition ever to be devoted to the Renaissance genius. Ends Dec 11. Closed Mon  
MUNICH  
Kunsthalle der Hypo-Kulturstiftung Edvard Munch and Germany: 100 paintings by Munch, plus a selection of work by late 19th century German artists who influenced him, and by early Expressionists who found inspiration in works like The Scream. Ends Nov 27. Daily  
Villa Stuck Tom Wesselmann: retrospective of the American Pop artist. Ends Jan 15. Closed Mon  
Haus der Kunst Roy Lichtenstein retrospective. Ends Jan 9. Closed Mon

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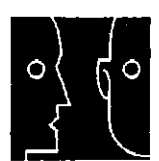
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## THE FT INTERVIEW: Howard Davies

## Hard-driving realist



It has been some years since British business had it so good. When Howard Davies, director-general of the Confederation of British Industry, was recently with a group of West Midlands businessmen, only one was negative about his prospects. "We looked at him as he if he were a bad smell," says Davies. Could all the CBI surveys capturing rising optimism among business leaders be wide of the mark?

Davies took the man aside, to seek out the problem. "Oh, Howard, don't worry," Davies recounts in a passable Brummy accent from his airy office high above London. "We've just got some very bad products right now."

Davies returns to Birmingham on Sunday for the start of the CBI's annual conference. While grass roots members will have their usual share of gripes, the business outlook is unusually favourable.

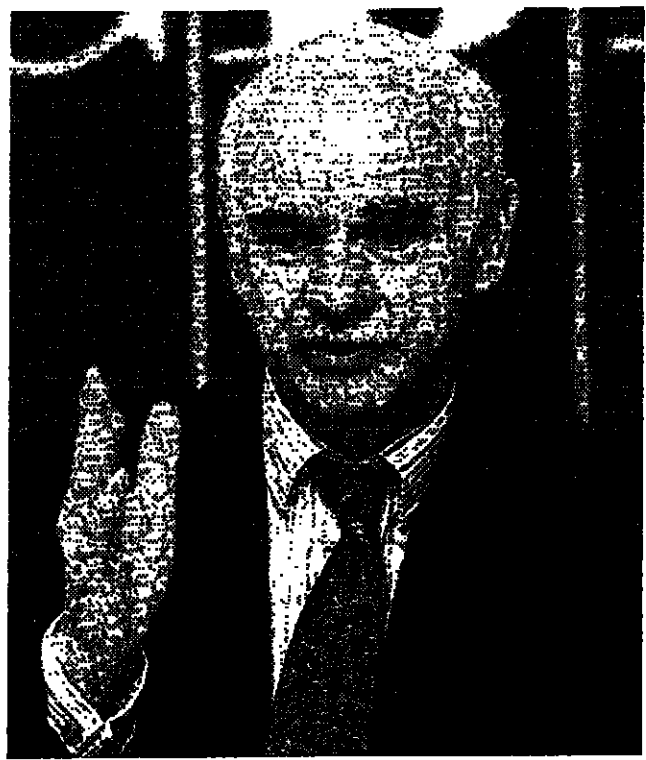
Inflation is at a 27-year low. The exchange rate is stable. Growth, exports and investment are accelerating. Even if interest rates have to rise further to keep inflation in check, they will not return to the double-digit levels of only a few years ago.

The outlook is also good for the CBI as a lobbyist for business. Its views find a ready ear in Whitehall, especially with Mr Michael Heseltine, the trade and industry secretary. The relationship with the government is sweet and light compared with 1980 when Sir Terence Beckett, a previous director-general, threatened a "bare knuckle fight" over economic policy.

So where is the next challenge for the hard-driving director-general, who seems to make as many media appearances as England's football manager.

In the short term, he will be watching the government closely to make sure that it is not back-sliding on economic management. The temptation to switch from investment to consumption in order to line voters' pockets at the expense of business will strengthen as the next general election approaches.

"It is at the back of one's mind that they may well," Davies says. An investment-led recovery requiring the government to bear down on public expenditure "may not be popu-



Howard Davies, CBI director-general: looking to the long term

lar" with the electorate, he concedes. Vigilant for such unwelcome policy shifts, Davies and the CBI will try to use their influence to keep the economy on a business-friendly track.

Looking further ahead politically, the CBI is keen to further its dialogue with the Labour and Liberal Democratic parties. It is also keen to lobby the European Commission where, arguably, the real power will increasingly lie.

All three organisations will be on the platform at the Birmingham meeting. Paddy Ashdown will be the first Liberal leader to address the CBI convention, following Labour's debut last year by the late John Smith. Labour's representative this year will be Robin Cook, until recently the party's pugnacious and effective industry spokesman.

The CBI is less lucky in attracting Euroleaders to speak. Last year Jacques Delors, then EC president, pulled out at the last minute because of illness. This year, the CBI invited Jacques San-

ter, when he was a candidate to succeed Delors, but the new president appears to have decided to save his first UK public appearance for a bigger occasion.

But the Commission's representative at Monday's morning session, Padraig Flynn, is hardly a make-weight. Responsible for the EU's social policy, he will be expected to respond to the charge, voiced by many a British business executive, that the commission's social charter on employment would be an instrument of ruin.

"Flynn will get a mixed reception," Davies says. "But it's a good sign that he more or less volunteered to come."

The commissioner is likely to be grilled by CBI members on the extra employment costs and inflexibilities laid down in the charter and Britain's chances of retaining its opt-out from it. To marshal ammunition, the CBI has conducted two extensive surveys on its members' Euro-thoughts that it will publish on Sunday.

Broadly speaking, CBI members favour the EU and its

enlargement, Davies says. But they worry about the costs, chafe at needless complexities and are disappointed by the degree reality falls short of rhetoric. The CBI's survey will show the single market remains highly imperfect for many goods and services.

Davies is a realist. A future Labour Government would sign Britain up to the charter regardless of vociferous business complaints, he concedes. Therefore, the CBI, which has a Brussels lobbying office, is working with UNICE, the European employer organisation, to make the charter less costly for business.

Other themes in the conference schedule include long-term issues such as raising investment levels, improving competitiveness, the cost of environmental legislation and the difficulty of getting the unemployed back to work.

For Davies, the pick-up in investment has been the most significant development in the last six months. Until the spring, the economic recovery had been led by consumption, with investment levels remaining stubbornly low for this stage in the cycle.

This reflected the UK economy's slow response to stimuli such as lower interest rates. "You give the thing a kick and this surly beast turns round and says 'what's going on?'," Davies says.

One reason business has been slow to invest has been the volatility of the British economy compared with other countries. "It takes people longer to believe things are better," he says.

But now that business has enjoyed an unusually long period of price, exchange rate and interest rate stability, it has begun investing again. "We're back on track." As a percentage of gross domestic product, investment is back to levels last seen in 1983-84.

After years of underinvestment compared with other countries, the CBI's bigger concern is to achieve a "step change" in investment levels. Its Budget proposals, for example, are an attempt to improve the return for investors. "If we can recalculate those things surrounding the investment decision, then the natural animal spirit of the British entrepreneur will have a free rein."

That said, a kinder construction may be put upon yester-

day's events. The prime minister may have reasoned that a halt to PO privatisation would be popular with the voters, and therefore helpful to the Tories.

As Mr Kenneth Clarke acknowledges, high water charges in some areas have turned opinion against sell-offs. The chancellor has also observed that the excessive salaries some greedy water company directors have paid themselves have given privatisation a bad name.

At the recent Conservative party conference Mr Major wisely avoided the temptation to lean further to the right. True, restless free marketeers in his party will not cease their

## Not yet Major's last post



Office privatisation, but that is not the significant defeat. The authority of the government, already questioned, lies in ruins.

It is now obvious that Mr John Major is not in charge. His administration does not know where it is going. The prime minister lives by the mercy of whatever may be ordained by any two or three taxi-fuls of rebel members of his party. His government is steered by the winds, buffeted by fate, kicked around by *ad hoc* gangs of second-raters who oppose it from within. It has proved unable to put a simple Post Office privatisation bill in the speech due to be delivered by the Queen when she opens Parliament on November 16. If Mr Major recovers his nerve, he might introduce such a measure anyway, perhaps early next year. The odds are that he will not.

It is a sorry sight. Mr Major showed courage during the debate on the bill to ratify the Maastricht treaty, when he

faced down Conservative rebels and challenged them to topple the government. He might have tried the same tactic this time. The chances are that it would have worked. He has, instead, shied at the fence. His government's apparent inability to sell the postal service confirms the difficulty of promoting radical or unpopular legislation when your parliamentary majority is low and falling. It is an indication of weak leadership. Will we now refer to "Mr Major's lame duck administration"? Probably.

That said, a kinder construction may be put upon yester-

day's events. The prime minister may have reasoned that a halt to PO privatisation would be popular with the voters, and therefore helpful to the Tories. As Mr Kenneth Clarke acknowledges, high water charges in some areas have turned opinion against sell-offs. The chancellor has also observed that the excessive salaries some greedy water company directors have paid themselves have given privatisation a bad name.

At the recent Conservative party conference Mr Major wisely avoided the temptation to lean further to the right. True, restless free marketeers in his party will not cease their

twittering until the government has minimised itself out of existence, but the wider electorate thinks differently. The prime minister appears to have chosen to fight the next election as a centrist. Anything else would be politically stupid: as it happens he could yet win another term, even as a lame duck.

I am not alone in thinking this. If you peer through the eyes of Mr Tony Blair the present condition of British politics is simply stave. The leader of the opposition is far from complacent about Labour's chances in 1996 or 1997. He is nature's worrier, aware that in spite of everything it would be premature to wave goodbye to Mr Major.

The prime minister has been through a difficult fortnight, during which he has not always seemed in control of events. His handling of the succession of disclosures of alleged corruption among his ministers has not won him

high praise. That may have damaged the government, but it will not win an election for the opposition. Mr Blair believes that most voters dislike the Conservatives and want a change, but he also knows that they are not yet convinced that the people's party would improve the quality of their lives.

The Conservatives harbour two schemes for winning votes. First, when election day is near the prime minister will wave the Union Jack, challenging the opposition parties on both Europe and constitutional change. Second, the chancellor might cut income tax in November 1995, in time for an April 1996 election. If not then, taxes will almost certainly be reduced in November 1996, ready for a tax-auction campaign the following April. To make assurance doubly sure, Mr Clarke might reduce

taxes in both Novembers. This will be a strong temptation if Mr Major is obliged by fear of defeat to hang on until the last possible date in 1997.

A similar double-whammy - the flag and tax cuts - worked in April 1992. It is not axiomatic that it will fail next time. Mr Blair understands this. He is trying to change voter perceptions as a form of immunisation against future Tory tax reductions. His concern is with "shifting the fundamentals". This means speaking out boldly to change Labour thinking at every turn, and trying, through speeches and voter education programmes, to prepare the electorate to resist eve-of-poll Budget bribes. He has moved Labour towards the centrist, or Conservative, position on interest rate rises, Ulster and education. He proposes to remove the socialist Clause 4 from Labour's constitution, and has put his chosen moderniser in as party general secretary. The recent report of the social justice commission contains useful arguments in favour of taxing child benefit and means-testing state pensions.

You and I may mutter that that is all very well, but there are still very few specific policy commitments. Mr Blair talks about laying foundations, putting building blocks in place, preparing the ground, thinking matters through seriously, pointing the compass in the right direction. He accepts that we now expect Labour to deliver specific, costed, proposals. Yet we will have to wait. Certain "flagship" policies may emerge at next October's party conference. As to tax, the Labour leader argues that you cannot get close to the truth about the best economic policy until very near polling day, since everything depends on the economic circumstances that prevail at that time. So he intends to maintain maximum flexibility.

In the short few months he has been leader, Mr Blair has worked hard to appear relaxed. Everything he says and does is aimed at victory. For example, he does not expect to win parliamentary jousts with Mr Major at question time; leaders of the opposition rarely best prime ministers. He has chosen, instead, to maintain the right tone, the reasonable demeanour, suitable for take-outs on the evening TV news. He attempts this even when the prime minister blusters and rages. So far he has been fortunate. He has managed to come across as a leader in control - of himself, his colleagues and his party. With the best will in the world, the same cannot be said of Mr Major.

## Joe Rogaly

Tony Blair is nature's worrier, aware that in spite of everything it would be premature to wave goodbye to John Major

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Unfair view of Zambia payments

From Mr G G Johnson

Sir, You would expect us in telecons to welcome Giles Keating's Personal View (October 31) about the use of information technology to address the realities of the transport problem. I should like to develop his thinking in my capacity as a prisoner of the M25 London orbital motorway.

As he says we have grown accustomed to the predictability and door-to-door security of auto travel, such as they are. We may feel we ought to use trains; but not only are they dirty and erratic, they never go

## Hubs offer transport economy

From Mr J M Harper

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As he says we have grown accustomed to the predictability and door-to-door security of auto travel, such as they are. We may feel we ought to use trains; but not only are they dirty and erratic, they never go

to the right place. If one has to get oneself or one's goods to and from the railhead anyway it is easier to go the whole way by car or lorry.

Modern airports have become hubs in highly developed hire vehicle networks almost without us noticing. It would need only a minimum of investment of organising skill and of imagination to turn stations into similar hubs for highly organised short-distance networks of buses and hire cars to homes and offices.

Similarly, railway goods depots would be natural hubs for goods container services to

and from factories and shops, on the analogy of container shipping. Mr Keating's information networks would optimise the economics of both operations from the outset.

Once this key obstacle was cracked rail traffic would build up so fast there would be more than enough cash to put more trains on to run to make them run on time, and even to clean the coaches.

J M Harper, The Lullington Group, telecommunications advisers, 11 Lullington Close, Seaford, East Sussex BN25 4JH

## Bizarre result is against wishes of residents

From Richard Short

Sir, I was very concerned to read your prediction ("Council reform faces further setback", November 1) that the Local Government Commission will recommend no change in most of the county areas in the second phase of their review. Last week, the commission published its recommendations for nine county areas. In six of these, including my own county of Cheshire, the commission made a U-turn and recommended no change.

The big question that I and the electorate in Cheshire and other county areas will now be asking is: "Why has the commission spent more than two years reviewing local government at a cost nationally of in excess of £3m a year, and is coming out with absolutely no positive results?"

All the arguments for scrapping the present system and creating new unitary councils in Cheshire and other counties are as powerful today as when the commission advanced them in its draft recommendations last June. Two-tier local government costs residents more, is inefficient, unaccountable, confusing and unpopular. It is bizarre that the commission

should now recommend after all its own research and evidence to the contrary, the retention of the status quo.

We in Chester consulted our residents about their wishes on several occasions. On the last occasion, a Gallup Poll undertaken in October showed that there was still a clear majority of Chester residents who preferred unitary local authorities and that indeed 67 per cent of them wanted a unitary council based on Chester.

In view of this substantial public support in Chester, and no doubt elsewhere, it seems preposterous that the residents of cities like Chester should not get the same benefits of unitary local government as will now be enjoyed in the future by the cities of York and Bath and Chester's neighbouring town of Wrexham in North Wales.

We in Chester, in common with other towns and cities, will be pressing the government strongly to reject these totally unacceptable recommendations.

Richard Short, leader of Conservative group, Chester City council, The Forum, Chester CH1 2HS.

## View 'music to the ears'

From Dr Tony Pickles

Sir, It was most refreshing to read Christopher Haskins' article on partnership and social justice (Personal View, October 24). To hear a senior UK industrialist condemn the "obsessive pursuit of a low skills, low investment strategy" is truly welcome; to hear him express support for the European Union's Social Charter, relating this to the need for responsible and progressive company personnel policies, is surely music to the ears of all of us who have become so depressed by the negative stance adopted by some (many?) leading politicians.

If Mr Haskins' views were to become an integral part of public policy, and if companies took on board the same enlightened policies, the UK would stand a decent chance of becoming the modern, efficient, progressive economy that we all claim to want - certainly the economy that is needed for social justice to become reality.

Tony Pickles, department of industrial technology, University of Bradford, West Yorkshire BD1 1DP

## Theory squeezes economic ideas into a mathematical straitjacket

From David Simpson

Sir, Many of those who read Professor Barro's Personal View (November 1) would have been surprised to discover that the essence of "endogenous growth theory" is the proposition that commercial research and development leads to the discovery and adoption of new technologies and new products, and that this "theoretical advance" had been made in California in the late 1980s. They may have thought that this idea was a fairly commonplace one, which has become familiar since its propagation

by Schumpeter more than 50 years ago.

What the proponents of "endogenous growth theory" have done is to try to squeeze some of the ideas of earlier economists into the straitjacket of a set of mathematical equations. Few people would believe that the evolution of modern market economies can usefully be represented by a set of equations which focus on linear relationships between quantifiable "variables"; the exclusion of the more subtle but more important connections between social, political

and subjective factors.

In this connection, Professor Barro's statement that "Overall, the new theory and empirical work on economic growth supports the general thrust of... economic policies such as privatisation and deregulation..." is misleading. While one would expect "empirical work" to support the notion that privatisation and deregulation are beneficial to economic growth in advanced economies, this has nothing to do with endogenous growth theory, which does not count such measures as privatisation

or deregulation among the "variables" of its equations.

Britain's chancellor, Kenneth Clarke, and others are right to be sceptical of intellectual games which subtract from, rather than add to, our understanding of the process of economic growth. Their only practical function appears to be to provide catch-phrases for those politicians who do not understand them.

David Simpson, economist, The Standard Life Assurance Company, 3 George Street, Edinburgh EH2 2XZ

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## FINANCIAL TIMES

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Friday November 4 1994

## Justifiably dollar shy

Central bank intervention in currency markets is rarely effective when the problems of the currency in question reflect anxiety about the broader state of monetary policy. Hence the general scepticism among traders and economists after Wednesday's intervention by the US Federal Reserve to prop up a dollar that was plunging yet another post-war low against the yen.

The short-term perception is that the Fed's policy stance is not restrictive enough to cope with inflationary pressures in the US and so pre-empt a further dollar decline. Yet it is a moot point whether even a significant increase in short-term dollar rates, perhaps after the next Federal Open Market Committee meeting in mid-month, would provide the reassurance markets seek.

Historically, the dollar has tended to strengthen late in the economic cycle, as the Fed has applied the brakes to an overheating economy and the rest of the world has moved into the recovery phase. Yet many of the international flows in the present cycle may continue to work against the gravitational pull of short-term interest rate differentials.

One trend that could go helpfully into reverse relates to the growth in official dollar reserves. These have ballooned, most notably in Asia, in response to large capital inflows, as central banks have sought to offset the upward pressure on their currencies by purchasing dollars. Yet the cost of unsterilised intervention aimed at maintaining currency competitiveness is rapid money supply growth and accelerating inflation. With official reserves at record levels and inflation soaring, currency appreciation will come to seem the lesser evil. The dollar may thus have less support from this source in future.

## Progressive decline

Portfolio flows in the US and Japan, meantime, have long been running in the opposite direction to what is needed to address the current account imbalance between the two countries. A less frequently observed phenomenon is the progressive decline of net direct investment out of Japan from \$48bn in 1990 to less than \$14bn last year. Why is the Japa-

nese tradeable goods sector failing to respond to the appreciation of the yen against the dollar by investing more heavily in the US?

One clue is provided by an article in the New York Fed's latest quarterly review, which points out that foreign firms' experience in the US has been dismal even when the dollar is stripped out of the equation. With assets of \$1,800bn and sales of \$1,200bn they failed to turn any profit on their investment in 1992.

## Transfer pricing

Of course, any losses of Japanese companies within the aggregate figures may be less than they might have incurred on the same operation at home, because of the overvaluation of the yen. But since five out of six inward investment dollars have been spent on acquisitions rather than new enterprises, this looks academic. Nor do the New York Fed economists believe that transfer pricing - shifting profits to less heavily taxed overseas jurisdictions - accounts for more than a quarter, at most, of the difference between foreign and domestic profits.

The more obvious explanation is that foreign companies went wild in the takeover boom of the 1980s, since by 1990 around half of foreign holdings in the US resulted from acquisitions in the previous five years. The Japanese in particular were taking advantage of their lower cost of capital to buy cheaply. Yet the advantage appears to have been nullified by poor selection of acquisitions and heavy reliance on debt finance. Post-acquisition profits have tended to collapse.

In the past, direct investment profits have improved with age. Even so, recent experience will do little to reduce Japanese industrialists' dollar shyness. And in a climate of poor corporate earnings and depressed investment in Japan, the short-term enthusiasm for investment overseas is anyway limited.

In due course the dollar may have its day. But as the American monetary pundit James Grant has pithily observed in *Grant's Interest Rate Observer*, the miracle of the dollar is that, after so many years of officially sponsored depreciation, it is still the world's top monetary brand name.

## Red tape in perspective

The Deregulation and Contracting Out Act, which became law yesterday, is an extraordinary hotchpot of a measure. If properly applied, it could make a modest improvement to Britain's competitiveness. But its most important contribution to that goal may be to put an end to the misperception that deregulation *must* be a panacea for the ills of the British economy.

The deregulation act does everything from establishing a new legislative procedure for sweeping away outdated rules and procedures affecting business to reducing the accounting and reporting requirements on small charities, allowing betting on Sundays and permitting children into the bars of suitable pubs.

The important provisions are the powers which will allow ministers to abolish or reform regulations they consider outdated and burdensome where this can be done without removing "necessary" protection, and the five new powers to improve the fairness, transparency and consistency of enforcement procedures.

In both cases, the legislation is drawn in general terms, so it is hard to tell in advance how much difference it will make. Throughout the parliamentary debates on the legislation the Labour party contended it as a "constitutional outrage" because of the powers given to ministers to frame proposals for the repeal or amendment of regulations. Concern was expressed that health and safety might be compromised by excessive deregulation.

## Right of appeal

On the other hand, some business leaders believe the provisions do not go far enough, and are aggrieved at the failure to provide a simple and statutory right of appeal against enforcement orders, particularly those emanating from local councils. The trade and industry department has gone no further than a "model appeal mechanism" which has still to be drawn up and will be incorporated in future legislation.

In practice, the constitutional outrage is unlikely to materialise. Nor is the wholesale escape from local regulation which some companies seek. The government claims that 40 per cent of the health and safety regulation

which affects the "generality" of business should be removed. Yet it is equally insistent that it is not going to remove necessary protection either for employees or for local communities and claims the support of the Health and Safety Commission for most of its recommendations.

That can only mean that most of the regulation to be swept away involves petty bureaucracy, rules that are anyway in disuse, or regulations which impact on only a small proportion of businesses. So it appears from the deregulatory changes already decided upon, which include halving the waiting period for claiming VAT for bad debt relief and scrapping 85,000 employment survey forms a year.

## Euro-regulation

More of the same is welcome. It is also important that a standing watch is kept on the rise of Euro-regulation - either in its direct form of unnecessary obligations imposed by Brussels or its indirect form of overzealous application of EU directives by UK officials.

Yet there is no point pretending that such action is going to transform the business climate and sharply improve Britain's competitiveness. To do that, governments need, over the long term, to find a way of containing public spending and taxation, while promoting better education and skill training - and the local and national infrastructure that companies and individuals need to flourish.

The priorities are familiar, but no less urgent for that. Britain's record on vocational training remains abysmal - and recent reports on the progress of the new General National Vocational Qualifications do not lead one to suppose that a miracle cure has yet been found. The Training and Enterprise Councils have still to prove themselves as employer-led vehicles for training. More needs to be done to equip the unemployed with skills, and to make it attractive for companies to employ them. Some form of "modern apprenticeship" for young employees with poor skill levels is essential.

The list could be continued. At the end of the day, the country would be better off, even if too many forms were issued, so long as far more employees could complete them in decent English.

The opening of China to the world is," argues Prof Tong Dalin, vice-chairman of the Chinese Society for Research on Restructuring the Economic System, "like the discovery of a new continent."

If anything, Prof Tong understates his case. Were China to replicate the performance of other Asian "miracle" economies, such as Japan, Taiwan and South Korea, its impact would be overwhelming. China does, after all, contain 10 times as many people as Japan.

According to official statistics, the economy is already well on the way. Real gross domestic product expanded by 270 per cent between 1978 and 1993 - a compound annual rate of 9 per cent a year. In 1992 and 1993, economic growth exceeded 13 per cent. This year, supposedly time for a slow-down, it is expected to be above 11 per cent.

There are reasons to believe these figures exaggerate China's performance. If, for example, the reported growth rate is worked backwards from the World Bank's estimate for GDP per head of \$470 in 1992, it becomes just \$195 in 1980 (in 1992 dollars). This is below the rather more reliable estimates of India's GDP per head in that year, which is quite unlikely.

Chinese statistics are not entirely reliable. Under-estimation of inflation is, for example, a well-known problem. More significant are the problems created by its still semi-reformed economy.

Even in 1992, almost half of the industrial output was generated by the state-owned enterprises (SOEs), while more than 61 per cent of total fixed investment (23 per cent of GDP) was buried within them (see chart). Given the low cost of official finance, the virtual absence of bankruptcy, and continued distortions in relative prices, part of this investment is likely to have been wasted. At least some of the associated increases in output could also be illusory, as turned out to be the case for the vaunted growth of the former Soviet-bloc economies.

Nevertheless, China does have solid and measurable achievements. The country's share of world merchandise trade rose from 0.6 per cent in 1977 to 2.5 per cent in 1993, by when it had become the world's 11th largest exporter. Foreign direct investment in 1993 was \$21.3bn, more than a third of total FDI in all developing countries in that year. Gross national savings reached 40 per cent of GDP in 1993 (which can be contrasted with the 15 per cent attained in the far wealthier US). Such a high rate of capital formation virtually ensures rapid growth, even if some is wasted. Moreover, consumption has been growing at a compound rate of close to 8 per cent a year since 1978.

Non-state enterprises (including so-called township and village enterprises) now employ some 100m workers. Moreover, most Chinese provinces - not just those on the coast, like Guangdong and Fujian - have achieved substantial increases in real incomes.

These achievements are not a miracle. As developments elsewhere in Asia show, they are the natural result of releasing the pent-up energies of the world's largest reservoir of motivated people, combined with the capital and know-how of overseas Chinese and other foreigners.

There is no economic reason why a country whose real output per head lies somewhere between 5 and 10 per cent of that of the US should not be able to sustain economic growth at 10 per cent a year for a quarter of a century. Yet there may still be a reason for failure. For what is amazing is not that China is at last becoming richer, but that it is still so poor. Politics kept China poor. It could do so once more.

The reasons for this dismal performance were the country's inability to combine a reasonable degree of political stability with encouragement of productive (as opposed to rent-seeking) economic initiative. Under the influence of Deng Xiaoping's "socialism with Chinese characteristics", this combination has at last been achieved. The big question is whether it will survive his death.

## A continent discovered

Martin Wolf and Tony Walker ask whether the government can stay on the Chinese economic tiger

Optimists argue that progress is assured merely by continuing with past policies. In the most brilliant example of the indirect approach in economic history, Chinese policymakers have simply gone round the obstacles created by the legacy of communism.

They started by granting freedoms to peasant farming, while political decentralisation encouraged local governments to compete with one another for investment. The overseas Chinese and foreigners were invited into special economic zones and, increasingly, to form joint-ventures with Chinese enterprises. State-enterprises have been subjected to competition from without, rather than radical reform from within. More recently, financial markets have also been created.

The ruling assumption is that China has now reached a virtuous circle of growth. Economic success engenders both further reform and popular toleration of the regime. It also makes a return to the old ideologies impossible. As Mr Zhang Junke, senior research fellow of the Development Research Centre of the State Council, remarks: "The target itself is changing all the time."

The extent to which targets have changed was revealed in the 14th congress of the Communist party of October 1992, which officially endorsed the idea of a "socialist market economy". This was followed by the Third Plenum of 1993, whose "50 articles" laid out an ambitious programme of further reform.

The document established the principles of central government primacy, necessary for fiscal and monetary discipline; of a rule-based market economy, with uniform laws, rather than one based on bargaining; and of the reform of property rights within SOEs. Above all, it established a comprehensive blueprint for the transition to a market economy. It goes well beyond " groping for stones to cross a river", the original motto of reform. The success of incrementalism has encouraged reformers to be bolder and more systematic in what they are attempting to do.

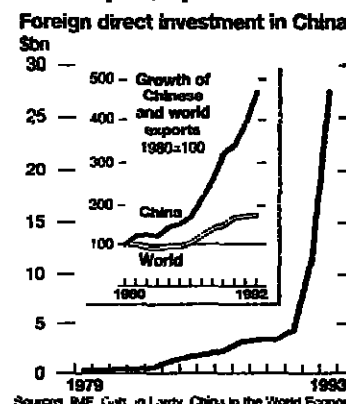
Unfortunately, the benign view of Chinese prospects - in which ever more rigorous and decisive approaches to reform are built upon the successes of previous more tentative ones - is persuasive, rather than cogent. Past reform has not just thrown up successes on which to build. It has also erected significant obstacles.

Among the most important is the effect on political and social stability. The most immediate threats include official corruption, unrest among unemployed workers, the migration of a vast army of indigent peasants in search of work and a widening gap between rich and poor. The necessity to establish affordable social security arrangements, after the break-down of the old cradle-to-grave education, employment, health and welfare system based on work units is another daunting challenge.

Central control is also being tested by increasingly powerful provincial officials, especially those from wealthy coastal provinces, whose economic success has enabled them to carve out personal fiefdoms allowing them, on occasions, to challenge or even ignore Beijing's dictates.

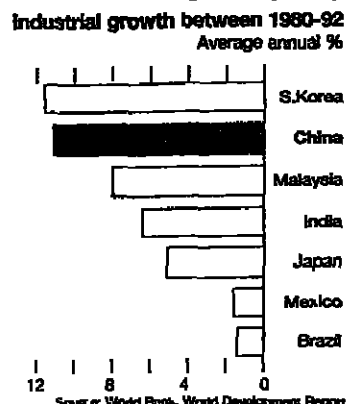
The fruits of economic success

## China opens up . . .



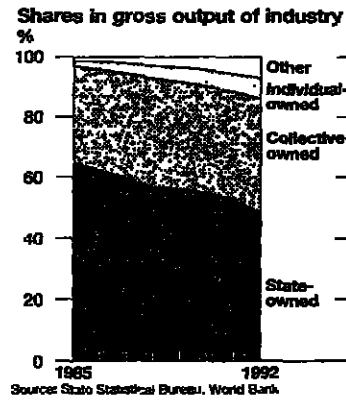
Source: IMF, UN, and World Bank, China in the World Economy

## and grows quickly



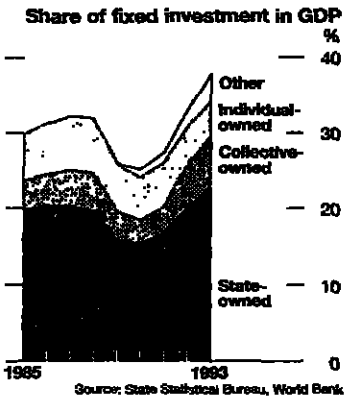
Source: World Bank, World Development Report

## State enterprise shrinks . . .



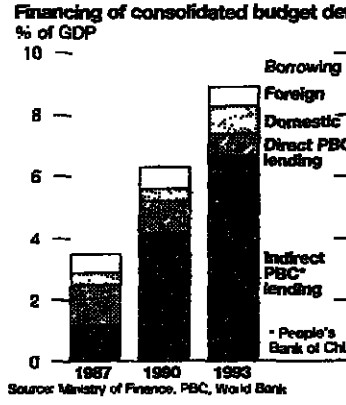
Source: State Statistical Bureau, World Bank

## but dominates investment . . .



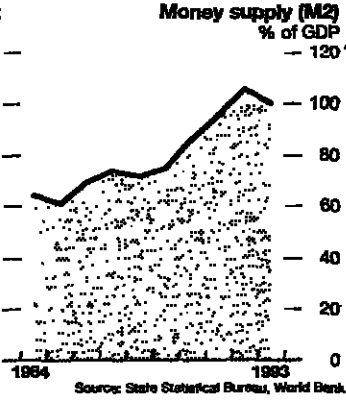
Source: State Statistical Bureau, World Bank

## leading to big fiscal deficits . . .



Source: Ministry of Finance, PBC, World Bank

## and a flood of money



Source: State Statistical Bureau, World Bank

are the only possible basis for political stability in a country that has turned its back on communist ideology. But they are also the source of destabilising political and social developments.

Budget deficits, incontinent monetary expansion and inflation are the economic evidence for these various political stresses. They bubble to the surface, like lava, where

## The fruits of economic success are the only basis for political stability in a country that has rejected communism

the tectonic plates of fragile central authority, provincial autonomy and SOE uncompetitiveness clash. They also have the capacity to engulf even the most vigorous fruits of economic reform.

As William Overholt remarks in his important book on China's prospects: "Failure to mobilise sufficient revenue through tax reform has historically been a key reason for the downfall of China's regimes; it was

a fatal flaw of the Qing dynasty". (1) It has now become a grave danger to the regime's stability.

Following earlier reform, revenue from SOEs has fallen from 20 per cent of GDP in 1978 to only 4 per cent in 1992. This decline accounted for 80 per cent of the fall in the share of budgetary revenue in GDP, from 34.1 per cent to a mere 15.4 per cent. Until reforms introduced this year, revenue has also been collected by local government, leaving central government starved: the central government's share in budgetary revenue shrank from 59 to 41 per cent, though its share in spending fell only from 46 to 41 per cent.

Central government has lost the capacity to transfer income from the wealthier and more dynamic coastal parts of China to the less dynamic hinterland. More significantly, it has turned in a big way to direct and indirect borrowing from the central bank, the People's Bank of China. The chart shows how far it has gone, on the assumption that 80 per cent of the lending by the PBC to the financial system is, in fact, government-directed lending and so indirect public spending. It also shows how rapidly the consolidated deficit itself has been rising. In 1993 it was more than half as

large as total budgetary revenues. Seigniorage - revenue derived from the government's access to the central bank via monetary expansion - seems to have varied from 6 to 9 per cent of Chinese GDP between 1988 and 1992, an extraordinary figure by international standards. In 1993, for example, seigniorage from reserve money creation amounted to just under 40 per cent of total budgetary revenues, while direct and indirect government borrowing from the PBC amounted to just under 30 per cent.

The Chinese government is addicted to the printing press because pressures for spending are growing stronger, while its revenue base is so weak. Pressures for public spending increase as SOEs come under growing competitive pressure: almost half of them appear to be making losses this year, even though the economy is forecast to expand by more than 11 per cent. It is horrifying to consider what would happen in a real recession.

It is almost impossible to exaggerate the significance of the monetary financing. Hitherto the Chinese people have willingly accepted more money, partly because of the lack of alternatives (see chart). Given the degree of monetisation of the economy - much higher than in other economies at comparable levels of development - flight from money would cause a devastating inflation. The danger is real - and the urgency of decisive action underplayed even among the more economically educated policy-makers.

The big question is whether decisive action is politically possible. Reform of state enterprises, creation of a social security system, making a success of the new fiscal system, reform of the central bank are all extremely urgent if economic - and so political - stability are to be secured. Is the Communist party, divided and weak, the instrument to deliver urgent action? If not, there is no alternative.

Senior Chinese believe that the party will survive this difficult period, provided living standards continue to improve at a fairly rapid rate. Dong Fureng, a member of the Standing Committee of the National People's Congress, China's parliament, says: "Politically I don't see fundamental change in the next 10 years. The Communist party will still be controlling the country with the proviso that it keeps its hands clean."

Critics would say that the party has failed in this regard and that corruption is pandemic. But Mr Dong, who is also a professor emeritus of China's Academy of Social Sciences, believes that in spite of resistance, the Chinese system is capable of transformation. "We will have to change," he says. "We will have to become more democratic and that means increasing the powers of representative institutions like the National People's Congress."

Chinese officials insist that their mission is to avoid repetition of Soviet-style turmoil, on the grounds that China, with its huge, unwieldy population, simply could not sustain such disruption. Memories of the chaos of the Cultural Revolution continue to weigh heavily. Their dilemma, however, is that slow and steady change, which they prefer and which would avoid upsetting powerful interests in society, may itself be destabilising. The authorities have to stabilise the shaky public finances and monetary system now. But they must also not halt economic progress, or awake overwhelming opposition.

If they get the balance right, they should be able to ride the tiger of super-charged economic growth for years. China itself would then become more middle-class, more democratic and more open, while the Communist party would have to change out of recognition. If they fail, the inadequacy of the rulers will, again, have short-changed the long-suffering Chinese people.

(1) William H Overholt, *China: the Next Economic Superpower* (London: Weidenfeld and Nicolson, 1993).

## Spoilt for choice

The distinction between the editorial and news departments of the Wall Street Journal newspaper is no secret. The former is a billboard for conservative thinking, while the latter is pretty straight. Each seems to accept - if not always happily - the existence of the other.

But that inherent contradiction has surfaced this week with the publication of extracts - by the news section, naturally - of a book by two WSJ reporters who are highly critical of Justice Clarence Thomas of the US Supreme Court.

In 1991, when confronted with allegations of sexual harassment by Anita Hill during his confirmation hearings, Judge Thomas had no stouter defenders than WSJ leader writers. Much space was devoted to David Brock, whose book charged that Hill was part of a liberal conspiracy to undermine the judge, by *fool means rather than fair*.

Jane Mayer and Jill Abramson, two WSJ reporters, now come to a distinctly different conclusion. In the extracts, they paint a picture of a man almost obsessed by the female sex, parading as witnesses four women who worked with Thomas and whose evidence was never presented to the Senate judiciary committee. The extracts appeared yesterday - as did spin-off prime time TV programmes.

So far the magisterial leader writers have been quiet. But surely not for long?

## Biffed

Who once said of Baroness Thatcher's government that it was a "sort of Stalinist regime" that her press aide Bernard Ingham was "some sort of rough-spoken, Yorkshire Rastafin" who is manipulating government and corroding public morality?

John Biffen, step forward. At 64, the former Tory cabinet minister has decided he has had enough and will not stand in the next election - making him fully, as opposed to semi-detached, as Ingham once called him.

## Dead end

Another first for the City of London. It has plenty of streets, gates, hills and even ditches, but up to now never a road. However, it has just had to accept its first - the south-eastern tip of Goswell Road - and by all accounts the City elders are none too pleased. It's all the fault of the changes in local authority boundaries.

"The thing is, you don't need roads once you are in the City, because you have arrived," says a City official. Barbara Newman, who heads the City's planning and transportation committee, is not optimistic about getting Islington's

## OBSERVER



"He can foam with rage to order"

council to rename its highway, Goswell Street, just to suit the City. While Observer was always rather proud to live in a road as opposed to a street, Newman seems intent on maintaining the City's "No Roads" policy. Sounds like a bit of gerrymandering is called for.

## Decision time

Tough times for the editors of Rupert Murdoch's UK newspapers. Kelvin MacKenzie, the hugely successful editor of The Sun, was shuffled sideways into Murdoch's BSkyB and then quit because he couldn't get on with his new boss. Now it seems that Andrew Neil,

the former editor of The Sunday Times, is also on the point of quitting the Murdoch empire because his bid to set up the US equivalent of BBC TV's *Panorama* programme - called *On Assignment* - has been scrapped. Neil has apparently been offered a £2m-a-year job as editor of a new five-day-a-week late-night news programme. The money sounds good - but it could prove to be a bit of a treadmill and interfere with Neil's extramural activities. A nail-biting time for John Witherow, acting editor of The Sunday Times, and the publishers of Neil's memoirs.

## Junk deal

Joseph Perella's first big deal for Morgan Stanley is not proving harmonious. In June, the former First Boston and Wasserstein Perella takeover artist seemed to have pulled off Wall Street's fanciest bit of financial footwork of the year. The \$2.7bn break-up bid for Kemper he conjured up on behalf of Morgan Stanley's client Conesco had everything - bank debt, junk bonds, even a little bit of equity.

Unfortunately for Perella, the deal has been unravelling fast. Selling assets to bring down the debt has proved a problem, and forced a delay to the deal. Now Conesco chairman Stephen Hilbert has had to admit that his own shareholders won't back the

transaction, forcing him to cut the value of his bid.

Never mind. If Kemper ends up soliciting a higher offer from someone else, it will have to pay Conesco \$100m. So maybe Perella has earned his keep after all.

## Radiating

Nuclear Electric's go-ahead to start up Sizewell B after 10 years of planning and construction is mixed news for John Collier, company chairman.

Some time ago he wagered that Sizewell would be selling electricity before Eurotunnel was transporting fare-paying passengers. He can throw the switch on Sizewell in 28 days, though it will not generate commercial power until February. But Eurotunnel, despite all its woes, should be earning its first hard cash from November 14. Though who wants to bet on that?

## Good grief

Gremlins entered the Foreign Office's machinery this week. Replying to a written question on wine purchases, Alastair Goodlad, the normally lugubrious foreign office minister, referred to the hitherto obscure Government Hospitality Fund Advisory Committee. Not another government quango? No; for "Fun" read "Fund". Not much difference, when you come to think of it.



## Revolt by Tory MPs threatened Commons defeat UK government forced to scrap Post Office sell-off

By Kevin Brown,  
Political Correspondent

The UK government's legislative programme was in disarray yesterday after the cabinet cancelled Post Office privatisation in the face of implacable opposition from a handful of Conservative backbenchers.

After weeks of uncertainty, ministers accepted warnings from Mr Richard Ryder, chief whip, that at least eight Tory backbenchers would vote against a privatisation bill, ensuring its defeat in the Commons.

The decision was greeted with dismay by the Post Office, which has campaigned hard for greater commercial freedom. Mr Michael Heron, chairman, said the corporation faced "crippling uncertainty" about its future.

The cabinet retreat was a severe blow for Mr Michael Heseltine, trade and industry secretary, who was forced to find a compromise was doomed.

He admitted: "I have no idea how we are going to move forward from where we are now."

That is the problem we now have to address."

Mr Heseltine also lost a cabinet battle with Mr Kenneth Clarke, the chancellor, who blocked a fall-back position that would have given the Post Office substantial commercial freedom within the public sector.

Mr Clarke, a strong supporter of privatisation, refused to accept changes to the Treasury's borrowing rules for state-owned companies which would be needed to remove financial controls from the Post Office.

Mr Heseltine said it was a "sad day" for Royal Mail, the Post Office's letter delivery subsidiary, which faces growing competition from private companies and overseas post offices.

"I find it extremely distressing to see Royal Mail having its markets eaten into by American and Australian multi-national transportation companies. I'm depressed by the fact that the Dutch and the Germans are moving into private capital in their postal services," he said.

The climbdown leaves an embarrassing gap at the centre of

the government's legislative programme for the next session of parliament, which will be announced in the Queen's Speech on November 18.

Ministers pointed to Mr Heseltine's proposed bill to deregulate the domestic gas market as a substitute centre-piece, but right-wingers quickly claimed the retreat as evidence that the government has lost its way.

Downing Street said that efforts to increase the competitiveness of the Post Office would continue. But ministers admitted that progress is likely to be minimal while the Post Office remains in the public sector.

The likely changes include investment in automation, and more contracts with the private sector to increase services such as handling bill paying.

Mr Jack Cunningham, shadow trade and industry secretary, said the decision was "a massive rebuff for the government and a personal humiliation for Michael Heseltine."

Joe Rogaly, Page 16

## Japanese car sector 'widens lead over US and Europe'

By John Griffiths in London

Japanese car makers and component suppliers are improving productivity and quality at a faster rate than their European and US rivals despite the recession in Japan, researchers said yesterday at the end of a 12-month study of manufacturing competitiveness in the motor components sector.

Professor Dan Jones, one of the research leaders, also warned yesterday that Japanese motor manufacturers were losing patience with many under-performing European - and particularly British - component suppliers to their UK car-producing operations.

He said Japanese manufacturers expected to achieve further cost-savings of 30-35 per cent over the next two to three years.

Unless UK suppliers improved, Toyota, Honda and Nissan would consider they had no choice but to start bringing their own suppliers to the UK from Japan, said Prof Jones, of Cardiff Business School's Lean Enterprise Research Centre.

The Cardiff centre joined with Andersen Consulting and Cambridge University to undertake the study, which compared the productivity and quality performance of 71 component producers in Japan, Europe, the US, Canada and Mexico.

It found that the Japanese manufacturers had improved productivity by 38 per cent since a previous study by the team two years ago despite a 16 per cent fall in production volumes. "The signs are that the Japanese car-makers will emerge from the current recession even stronger than before," the study concludes.

The study showed the US industry to be well ahead of Europe on quality, but still 30 per cent behind Japan, and gave no comfort to the German components sector. The highly detailed research found German quality to be only slightly above average. Productivity remained low.

Of the 13 plants found to be "world class" in terms of productivity and quality, five were in Japan, three in the US, three in France and two in Spain.

Overall, Europe's product defect rates were more than seven times the Japanese level.

In terms of productivity, typical UK plants would need to double output with the same labour force to reach the "world class" level.

A big problem, said Prof Jones, was that most UK suppliers to the Japanese car producers believed they had already made considerable progress over the past two years and could not believe their supplier status might be under threat. "They probably still won't believe it until the first one gets dropped," he added.

Streets ahead, Page 11

## THE LEX COLUMN

### Multimedia manoeuvre

Revitalisation is the new motto at Philips. After years of painful restructuring in which jobs have been cut and businesses sold, the Dutch electronics group plans to expand again. Investment is being stepped up and Philips is eyeing multimedia acquisitions.

The sharp turnaround in the group's financial performance, underlined by yesterday's tripling of third quarter earnings before extraordinary items, certainly justifies a shift in strategy. But operating margins are still a modest 5.7 per cent, so investors will be wary if the expansion is not extremely cautious. Only in the semiconductor and components division, where operating margins are 13 per cent, is the case for greater investment compelling. Margins in the core consumer electronics business are a mere 2 per cent. Meanwhile, the priority in the loss-making professional products division must be further restructuring.

The biggest concern surrounds Philips' multimedia ambitions. The group is excited by the high margins in software compared with consumer electronics hardware. But that does not mean that Philips can add value to such businesses. Precisely because of their high margins, software groups are pricey. Nor is it enough to argue that hardware and software businesses should, in some vague way, be combined. Similar logic lay behind Sony's and Matsushita's disappointing Hollywood acquisitions. Until Philips articulates its strategy more clearly, investors will worry that it will make the same error.

#### Boots

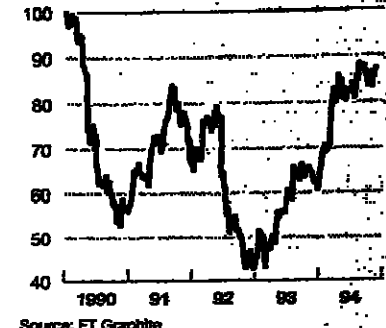
Boots is still struggling to clarify its strategy. After 16 months, the group has yet to reveal the conclusions of its review of the drug division. Nor has it announced the promised acquisition to bolster its European non-prescription medicines business.

The group intimated yesterday that a deal for the drugs division was imminent. Boots' biggest dilemma will then be what to do with the cash. The disposal, expected to raise more than £700m, will heavily dilute earnings because of the drug operation's high margins. Boots could compensate by using the sale proceeds to buy back shares. The management has said it has no hang-ups about returning money to shareholders. Such a move would also, in some way, atone for the disastrous £900m purchase of Ward White. Any non-prescription medicine acquisition could subsequently be

FT-SE Index: 3104.4 (+23.1)

#### Philips

Share price relative to the AEX index



Source: FT Graphix

funded by debt. Boots is undergirded given the strength of its cash flow.

Such manoeuvres would considerably reduce uncertainty, but whether they would lead to the stock's re-rating is doubtful. Boots the Chemist is struggling effectively in a difficult market. But in a low inflation environment, sales growth is likely to be sound rather than exciting and earnings expansion will require hard graft. Such prospects justify its small premium to the market, but little more.

#### Kwik Save

Yesterday's figures from Kwik Save were impressive - almost heroically so in the light of the fierce competition in UK food retailing. Pre-tax profits were better than expected and gross margins improved. All credit to the management's success in squeezing costs, putting pressure on suppliers and keeping a tight grip on cash.

The problem is that the strategic challenge facing the group is enormous. J Sainsbury and Tesco have deflected the threat posed by discounters with their carefully targeted price reduction programmes. Having already pared its own prices, Kwik Save is left with limited scope to respond. It will seek to challenge the majors in high margin areas such as chilled food, and to copy them by selling a higher proportion of own-label products. But competition with the supermarkets will highlight the relative inadequacy of Kwik Save's offering when product range and customer service as well as price are taken into account.

Kwik Save thus faces a steady decline in core profitability which its

aggressive store-opening plans - and opportunistic acquisitions such as that of Shoprite - will not be able to reverse. Kwik Save is better able to deal with the deteriorating climate than other discounters, but that is no recommendation when shares in Sainsbury are valued only in line with the market.

#### Euro Disney

The rumour that Euro Disney might close, which always looked implausible, suited Walt Disney while it was negotiating the theme park's rescue refinancing earlier this year. But it did nothing to help the business. Worried that they might arrive to find the gates shut, many potential customers decided not to book - leading to a sharp fall in visitors between March and May. They started to pick up from June, when the refinancing was concluded, though the total for the company's financial year was still down 10 per cent to 8.8m.

Price cuts aimed at combating the park's expensive image left revenues 15 per cent lower. Despite tough overhead reductions, operating profits before financing costs fell to a mere FF335m. The recovery in the shares, which jumped 13p to 96p, had more to do with the absence of the usual disappointments rather than anything more positive.

There are some grounds for optimism. Those visitors the park does attract appear to leave well-satisfied, with a good proportion coming back again. Euro Disney should get a boost from the economic recovery in continental Europe and the recent weakness of the franc will help. But with rival parks planned for Spain and Germany, the prospects are hardly exciting.

#### Lonrho

Those Lonrho shareholders who have supported Mr Tiny Rowland through thick and thin may regret yesterday's resignation. But investors seem set to benefit financially now that Mr Dieter Bock has finally won his power struggle. Mr Rowland's bumbling style had outlived its usefulness and he seemed more keen to cling on to a disparate empire than deliver shareholder value. The fact that Mr Bock has no proven ability to run a conglomerate may matter little. The best way to add value is probably to break Lonrho up. Mr Bock should be able to achieve that.

## Beijing attacks provinces for 'blind pursuit' of growth

By Tony Walker in Beijing

China's provinces were accused by the central government yesterday of the "blind pursuit" of higher growth, in an official commentary that appeared to fore-shadow tougher pressure for spending curbs.

The official Xinhua news agency, in a dispatch that almost certainly reflects the views of senior leadership, charged that lack of spending restraint at local levels had "exerted a negative impact on the central government's efforts to control inflation."

The strong wording suggests Beijing is losing patience with provinces continuing to ignore central government directives. It also indicates increasing concern in Beijing at the difficulty of combating inflation.

The Xinhua dispatch reported that around 9,000 new construction projects were begun in China in July and August, in

defiance of attempts to slow the rate of growth in fixed-asset spending. "The reason for the price rises since the beginning of this year is basically a result of expansion in construction investment and excessive consumption," the commentary said.

China's consumer prices rose 27.4 per cent in the 12 months to September. This was almost 2 percentage points up on August and indicated that, despite a stiffening of price controls, the underlying inflation rate remained stubbornly high.

China reported that, in the nine months to September, "fixed asset" spending grew 43.9 per cent above the same period last year. This represented a slowing of such investment, but the authorities are clearly concerned that capital spending remains too high.

The People's Bank, China's central bank, released figures this week which showed that the

broader M2 measure of money supply grew 37.1 per cent year-on-year in the third quarter, compared with the annual target for this year of 24 per cent.

People's Bank officials warned that stronger effort was required to combat inflation. They blamed lack of budgetary restraint, persistent demands by state enterprises for working capital and excessive growth in wages and salaries for China's problems.

Earlier this week, the state council, or cabinet, cracked down on non-bank financial institutions in an effort to curb unauthorised lending outside the credit plan. Local co-operatives and trust and investment companies have been an alternative source of funding for construction projects.

The government announced in August that it was making the inflation fight its main priority for the rest of the year.

A continent discovered, Page 17

## Orders

Continued from Page 1

reportedly released 45 minutes early by a German news agency, since rebuked by the economics ministry, but the source of industrial production figures, circulated prematurely on Wednesday, was not known. Selected news agencies are provided with embargoed advance copies of important statistics.

## Mavrodi's ambitions

Continued from Page 1

founding a new political group in the Duma to an aide for the moment. Mr Mavrodi is vague on what he stands for: "I will appeal to deputies from all factions... actually I haven't defined my politics yet."

A light-hearted question on whether or not he planned to run for the presidency of his country

drew a thoughtful response. "It will be a heavy burden to bear," he said, "but if many people ask it I would consider it... but that is a long time in the future."

Mr Mavrodi would not say what he thinks of the current president, Mr Boris Yeltsin, but said the government is full of "incompetents" who know nothing of economics and finance.

Streets ahead, Page 11

## FT WEATHER GUIDE

### Europe today

A strong southerly air flow, stretching from the western Mediterranean to the North Cape, will bring warmer conditions to western Europe and south-west Scandinavia. A slow moving frontal disturbance will produce rain from Spain to France and east Anglia. A lot of precipitation is expected along the southern slopes of the Pyrenees and the western Alps. The Low Countries will have scattered cloud with some sun. Germany will be sunny and rather warm. Southern Scandinavia will become milder with patchy rain in the Norwegian mountains and plenty of sun across Sweden. Cloud will linger over central Europe. Poland, Bulgaria and Greece will be mainly sunny. Scattered thunder showers will develop over the eastern Mediterranean.

### Five-day forecast

The western and central Mediterranean will become increasingly unsettled and cooler. Abundant showers and thunder storms will affect south-east France and Italy. Central and eastern Europe will have sun and comfortable temperatures. Cold, wintry air will spread across the Ukraine and the Black Sea.

### TODAY'S TEMPERATURES

Maximum	Beijing	fair	15	Caracas	showers	30	Faro	fair	18	Madrid	fair	12	Rangoon		
Minimum	Belfast	showers	12	Cardiff	showers	12	Frankfurt	fair	18	Majorca	rain	20	Reykjavik		
Abu Dhabi	sun	33	Belgrade	fair	18	Casablanca	showers	20	Geneva	showers	15	Malta	sun	23	Rio
Acre	cloudy	29	Berlin	sun	12	Chicago	showers	10	Gibraltar	rain	18	Manchester	cloudy	12	Rome
Algiers	rain	24	Bermuda	showers	26	Cologne	fair	20	Glasgow	rain	12	Marika	cloudy	30	S. Frisco
Amsterdam	fair	16	Bogota	fair	21	Dakar	sun	29	Hamburg	sun	14	Melbourne	showers	18	Seoul
Athens	fair	20	Bombay	sun	33	Dallas	showers	23	Helsinki	fair	22	Mexico City	fair	23	Singapore
Atlanta	fair	22	Buenos Aires	fair	20	Doha	sun	28	Hong Kong	fair	27	Miami	fair	28	Stockholm
B. Aires	fair	25	Budapest	fair	14	Dubai	sun	33	Honolulu	fair	30	Milan	showers	12	Strasbourg
Bham	rain	12	C. Jagan	sun	9	Dubrovnik	showers	11	Istanbul	fair	16	Montreal	showers	5	Sydney
Bangkok	fair	33	Calo	showers	26	Dubrovnik	sun	21	Jakarta	showers	31	Moscow	snow	-9	Tangier
Barcelona	thund	19	Cape Town	fair	20	Edinburgh	showers	12	Jessy	cloudy	14	Munich	fair	14	Tel Aviv

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# FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1994  
Friday November 4 1994

مكتبات الصحف

TRUCK OF THE YEAR  
CARGO 1993  
TRUCK OF THE YEAR  
EUROTRUCK 1993

## IN BRIEF

### US link sparks 73% gain at KLM

KLM Royal Dutch Airlines saw net profit soar by 73.5 per cent in the second quarter of 1994-95 under the influence of cost-cutting and economic recovery in important markets and a deepening of its ties with Northwest Airlines of the US. Page 20

**Discount on News Corp's preferred shares**  
The limited voting preferred shares issued by Mr Rupert Murdoch's News Corporation began trading on the Australian Stock Exchange yesterday and developed a large discount to the ordinary shares. Page 21

**Brierley buys 26.5% of NZ media group**  
Brierley Investments yesterday paid more than NZ\$44.5m (US\$150m) for a 26.45 per cent shareholding in Wilson and Horton, publisher of New Zealand's biggest circulation paper, the Auckland-based New Zealand Herald. Page 21

**America West Airlines little changed**  
America West Airlines, the US airline that emerged from chapter 11 bankruptcy protection in August, yesterday said it made operating profits of \$39.9m in the third quarter to September, little changed from the same period last year. Page 22

**Chilean group to raise cash at home**  
Biocorp, the Chilean financial services group, is aiming to increase its capital base through an initial public offering of shares this month. But it has chosen to raise the money in the Santiago market, rather than New York. Page 22

**MoDo sells packaging unit to AssiDomán**  
AssiDomán plans to strengthen its position in European packaging papers by acquiring MoDo Packaging from MoDo, its fellow Swedish pulp and paper group, in a deal worth SKr1.2bn (\$167m). Page 20

**Sparebanken and Fokus Bank fall back**  
A sharp rise in domestic interest rates, which hit Norway's bonds and shares, were behind weaker nine-month results reported by Fokus Bank and Sparebanken Nor. Page 20

**Daily Mail trust buys cable arts channel**  
The Daily Mail and General Trust yesterday expanded its interests in the new media with the acquisition of The Performance Channel, an arts channel distributed on cable television networks in the UK. Euronet Publications, the acquisition information group, 70 per cent owned by the Daily Mail and General Trust, announced a 36 per cent rise in annual pre-tax profits. Page 26

**Elf sells 10% of Enterprise stake**  
Elf Aquitaine, the French oil company, has sold a 10 per cent stake in Enterprise Oil, the UK company which earlier this year failed in its hostile bid for fellow explorer Lessor. Page 27

**Usborne £13.2m in the red**  
Usborne, the UK grain trading and pig production group, reported pre-tax losses of £13.2m (\$21m) for the year to June 30 against profits of £1.6m in the previous 18 months. Page 26

**Seton expands medical products side**  
On the day it revealed a 27 per cent rise in pre-tax profits, the UK's Seton Healthcare is spending \$24.6m (\$40m) in its medical division. Page 26

### Companies in this issue

African Oxygen	21	MAN	22
Aon Corporation	23	Matthew Clark	27
Bell Atlantic	19	MoDo	22
Boots	22	Molyneux Estates	27
Brierley Investments	21	News Corporation	21
Celsis	27	Norsk Hydro	22
Email	23	Pugeot Citroën	23
Enterprise	27	Premium Underwriting	27
Enterprise Computer	27	Quadrant	27
Euro Disney	19	Ransomes	27
Five Oaks Investment	27	Rhône-Poulenc	22
Fokus Bank	22	Sage	27
France Telecom	19	Saracen Value Trust	27
Gaz de France	5	Schroder Korea Fund	27
German Iw Trust	27	Scottish Nat Trust	27
German Smelter Coe	27	Sears Property Devis	27
Grafton	27	Smart (J)	27
Greyhound Lines	19	Sparebanken	22
Hanson Industries	27	St Lawrence Cement	23
Highlands Gold	21	Statoll	6
Iberia	2	Talbot New Zealand	21
KLM	22	Telstra	6
Komatsu	23	Wilhelm Willemsen	23
Kwik Save	22	Wilson and Horton	21
Laporte	27		

**Market Statistics**

Annual reports season	42-43	Foreign exchange	46
Banknotes, Govt bonds	24	Little inquiry options	41
Bank futures and options	24	London share service	42-43
Commodity prices	40	London trade options	41
Commodity prices	40	Managed funds service	44-45
Commodity prices	40	Money markets	45
Commodity prices	40	New bond issues	24
Commodity prices	40	New York share service	40-41
Commodity prices	40	Recent issues, UK	41
Commodity prices	40	Short-term interest rates	41
Commodity prices	40	US interest rates	24
Commodity prices	40	World Stock Markets	47

### Chief price changes yesterday

FRANKFURT (DM)							
Alcoa	530	+	10	Gas Alloys	38	+	34
Aluminium	530	+	10	Puffin			
Banknotes	234	+	5.5	Repsol	494	-	14
Banknotes	436.5	+	7.5	Shell	494	-	14
				Ullrich (FFM)			
Oil and Work	518	-	8.5	Air Liquide	732	+	22
Gasoline	205	-	13	Barracuda	527	+	18
				Esso	686	+	23
NEW YORK (\$)				Exxon	686	+	23
				UFB Leob	324	+	17
Alcoa	354	+	14				
Aluminium	806	+	34	SILC	695	-	20
Banknotes	3034	+	14				

Tokyo closed, New York prices at 12.30pm.

**LONDON (pence)**

Alcoa	257	+ 8	McDonald's	114	+ 7
Aluminium	257	+ 8	Puffin	120	+ 8
Banknotes	257	+ 8	Repsol	120	+ 8
Banknotes	257	+ 8	Shell	120	+ 8
Banknotes	257	+ 8	Shell	120	+ 8
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Banknotes	257	+ 8	Shell	120	+ 8
Banknotes	257	+ 8	Shell	120	+ 8
Banknotes	257	+ 8	Shell	120	+ 8

## Philips shrugs off flat sales to treble profits

By Ronald van der Krol in Eindhoven

Philips, the Dutch electronics group, nearly trebled profits in the third quarter as it compensated for flat sales in Europe by winning increased business in higher-growth markets such as Asia Pacific, US and Brazil. The buoyant results, which exceeded analysts' forecasts, came after a sharp drop in financing costs and a restructuring that over the past few years has rid Philips of several loss-making businesses.

Net profit jumped to F1530m (\$312m) from F1130m a year earlier. This took results for the first nine months to F1.15bn, against F1.14bn a year earlier, when results were flattened by a F1.1bn extraordinary gain on the sale of a Japanese joint venture.

The company cautioned against extrapolating these strong results into the fourth quarter, noting that the same period of 1993 had been relatively strong and that the dollar had weakened since the current quarter began.

The quarterly figure also included a F170m extraordinary gain on the sale of a small part of Philips' 40 per cent stake in

Taiwan Semiconductor Manufacturing, which was recently floated in Taipei.

Group turnover was virtually unchanged at F14.19bn, but sales grew by 6 per cent if deconsolidations and exchange rate movements are taken into account. Nine-month turnover, at F14.25bn, also showed a 6 per cent rise on a comparable basis.

Mr Dudley Eustace, finance director, said Philips was facing average price pressure of around 2 per cent across the group. Europe, which accounts for just over half of group turnover, generated flat sales, with German subsidiaries, such as Grundig, the consumer electronics maker, and FKL, the telecommunications group, still facing a reluctance by consumers to spend.

By contrast, Asia, which accounts for 15 per cent of sales volume, was showing faster growth, allowing Philips to generate higher profit margins. Despite Grundig's losses, consumer electronics moved into the black, posting an operating profit of F114m, against a loss of F133m. Overall, Philips' group operating profit rose 48 per cent to F1530m, thanks to a strong result in semi-conductors. Lex, Page 18

## Greyhound faces bankruptcy petition

By Richard Tomkins in New York

Greyhound Lines, the struggling US long-distance bus operator, was yesterday facing financial collapse following a decision by some of its creditors to file an involuntary bankruptcy petition against the company.

A group purporting to represent 25 per cent of Greyhound's convertible debenture holders filed the petition late on Wednesday after refusing to accept an out-of-court restructuring proposed by Greyhound's management.

Greyhound now has 30 days to respond to the petition. The Dallas court will weigh up the two parties' representations and decide whether or not to declare the company bankrupt. Greyhound is the only nationwide provider of bus services in the US, but it has been hit by a

combination of low domestic air fares, high levels of car ownership, tough competition from regional operators, and management errors.

The company entered chapter 11 bankruptcy protection in June 1990 and emerged as a reorganised company in October 1991. After a brief period of profitability, it relapsed into heavy losses and in August it parted company with its chief executive, Mr Frank Schneider.

Last month Greyhound announced plans for a financial restructuring that would include a new \$35m credit line, the conversion of some bonds into equity, and the sale of 10m new shares to existing shareholders. But holders of Greyhound's \$88.9m worth of convertible debentures are demanding a bigger equity stake than Greyhound is prepared to offer.

## Czech telecom bidders line up

By Nicholas Denton in London

Bell Atlantic of the US and France Telecom have joined forces in the contest for the Czech Republic's state telecommunications company which could be eastern Europe's biggest privatisation.

Initial bids for a 27 per cent stake in SPT Telecom - worth up to \$1bn - are due in December.

NM Rothschild, the UK merchant bank acting for France Telecom, claimed yesterday it had "the best client and consortium going forward". But stiff competition will come from a grouping understood to include Koninklijke PTT Nederland (KPN) of the Netherlands, AT&T of the US and Swiss Telecom.

Two other contenders, Deutsche Telekom,

the German national operator, and Ameritech, the regional Bell company, are considering continuing the partnership which won last year's bidding for Matav, the Hungarian state telecommunications company.

The US-French partnership starts from a strong position in that Bell Atlantic has an existing mobile phone operation in the Czech Republic and France Telecom has provided technical assistance to SPT. KPN's privatisation earlier this year is an attribute but rivals doubt its readiness to enter a tough bidding war.

Deutsche Telekom's bid may be hampered by its involvement in Hungary, where it promises to set up a regional communication hub, inhibiting its claims to do the same the Czech Republic. Moreover the Czech government is becoming sensitive about German economic influence.

As important as the composition of the consortia are the identities of their advisers and France Telecom have hired one of the most experienced specialists on telecommunications privatisation in NM Rothschild.

NM Rothschild was mandated by the Hungarian government for the privatisation of Matav and was one of the most sought after advisers by bidders for SPT.

It is believed that Goldman Sachs, the US investment bank, has built on a relationship with KPN established during its privatisation to work with the Dutch operator in its Czech effort. Ameritech is thought to have retained the other leading US advisory firm, Morgan Stanley.

## Andrew Jack and Michael Skapinker report on Euro Disney's results

Euro Disney, the operator of the Paris-based theme park, yesterday announced full-year net losses of FF1.8bn (\$351m), down from FF5.3bn last time, but said it had suffered a sharp fall in visitor numbers.

Mr Philippe Bourguignon, chairman, said fears that the troubled park would be closed had resulted in large numbers of potential customers staying away. Visitor numbers fell 10 per cent to 8.8m in the year to September 30. Mr Bourguignon said: "The best thing about 1994 is that it's over." The results are the first to be released since the company announced a FF1.3bn restructuring with creditor banks in June. Mr Bourguignon remained confident that the park would break even by 1996.

The losses were broadly in line with analysts' projections, and the shares rose FF125 to close in Paris at FF815.

Mr Bourguignon said the company had still not decided whether to raise or cut prices over the next year. He admitted, however, that many French customers still regard the park as expensive and he raising prices would be difficult.

He said Euro Disney had achieved about FF500m in cost savings in 1994, including 900 redundancies. He warned, however, that it was unlikely that similar cost-savings could be achieved in the current year. The company realised that cost cuts could not continue indefinitely as quality would begin to suffer.

About 2,000 of the park's 10,000 employees are now on part-time contracts. The company is also recruiting staff who are prepared to work on shorter contracts, which would increase flexibility. Mr Bourguignon said.

Euro Disney was launching a new advertising campaign, which would be slightly different in each of its large European markets. A new FF500m attraction, Space Mountain, is to open next June. Based on a book by Jules

## Fears of closure haunt Paris amusement park



Verne, the ride gives visitors the impression of being fired from a cannon.

The company said it had cut queueing times by 45 per cent during the year through new attractions and the redesign of existing ones.

Mr Bourguignon added that managers would be given greater incentives to raise profits through a programme to turn 150 shops and restaurants into individual profit centres. Managers would be given greater autonomy in running these and would be rewarded for results.

The group had net equity of about FF5.5bn and total borrowings of FF15.5bn, down 23 per cent from last year. The one-off restructuring and related costs were FF755m, and it has unused lines of credit worth FF1.1bn.

Hotel occupancy rates rose from 55 per cent last year to 60 per cent, which the company said was in line with the French average and reflected greater flexibility in tariffs. However, expenditure per bedroom fell 14 per cent to FF882.

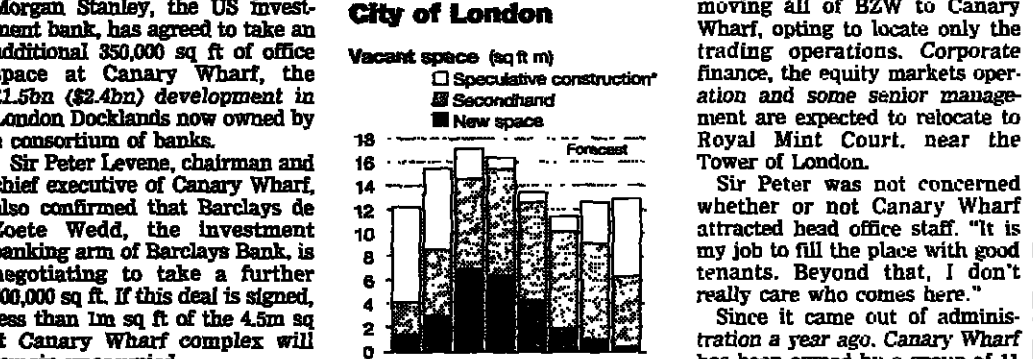
Euro Disney reported operating profits of FF332m, against FF391m, before financing and depreciation charges. Operating costs fell 12 per cent to FF2.96bn and management and administration charges by 23 per cent to FF854m.

Revenues were down 15 per cent to FF4.15bn, including FF2.2bn from the park, FF1.6bn from hotels and FF332m from other activities - mainly its corporate "partners" or sponsorship programme. About half the park income comes from entrance fees and the rest from car parking, food and merchandise. Lex, Page 18

## Simon London reports on the death of 'big spaces'

### Canary Wharf wins vote of confidence as climate alters

City of London



While others dispute this figure, tenants are being offered fewer incentives and there is little doubt that headline rents will soon rise. Against this background, Canary Wharf's competitive position is improving.

The terms of Morgan Stanley's new lease have not been disclosed, but agents said that rents of £20-25 per sq ft are usual at Canary Wharf, compared with £20-35 in the area of the City of London. Rent-free periods are also longer than the one to two years now common in central districts.

The drawbacks with Canary Wharf in the eyes of many potential tenants are location and infrastructure. Despite the new Limehouse Link roadway, improved services on the Docklands Light Railway and the planned extension of London Underground's Jubilee Line, Canary Wharf is still one step away from the City of London. Barclays has shied away from

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## INTERNATIONAL COMPANIES AND FINANCE

## Stronger US ties spark 73% profits gain at KLM

By Ronald van de Krol in Amsterdam

KLM Royal Dutch Airlines saw net profit soar by 73.5 per cent in the second quarter of 1994-95 under the combined influence of cost-cutting and economic recovery in important markets.

The quarterly net profit of \$135.4m (\$208m), which compares with \$78.2m a year earlier, led to a near doubling of first-half net profit to \$147.6m from \$74.4m.

Profit per share in the first half rose by a more modest 15 per cent to \$1.52, because of the 60 per cent expansion of KLM's ordinary share capital in early 1994.

KLM also attributed its strong performance to the further deepening of its partnership ties with Northwest Airlines of the US, though Northwest's figures are no longer included in the Dutch carrier's profit and loss account.

Turnover rose by 6.2 per cent to \$12.55bn, outstripping a 2.8 per cent increase in operating costs to \$12.17bn.

KLM's shares rose from \$147.30 to \$148 yesterday in response to the results.

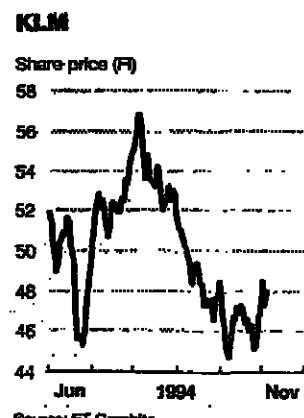
KLM has introduced a wage freeze for the calendar year 1994, and the airline is also benefiting significantly from a pension premium "holiday" agreed with the company's

three pension funds in 1993.

The productivity gains and strict cost controls enabled it to cut unit costs by 5 per cent. Overall traffic, including passengers, cargo and post, rose by 9 per cent in the quarter, which covers the busy summer holiday months from July to September. Capacity rose by 6 per cent, enabling KLM to lift its load factor by 1.7 percentage points to 77.1 per cent.

In passenger traffic, yields remained stable, in contrast to previous quarters when yields were under pressure. But cargo yields fell by 5 per cent.

KLM said the upward trend was expected to continue in the second half, provided the



general economic climate continues to improve.

However, the pace of the improvement will be slower than in the second half of last year, when losses narrowed sharply to \$141m from \$177m a year earlier. KLM's financial year ends on March 31.

## MoDo sells packaging unit to AssiDomän

By Christopher Brown-Humes in Stockholm

AssiDomän plans to strengthen its position in European packaging papers by acquiring MoDo Packaging from MoDo, its fellow Swedish pulp and paper group, in a deal worth SKr1.2bn (\$187m).

The move increases AssiDomän's market share in sack paper, expands its position in the important UK and German markets, and creates co-ordination benefits.

MoDo Packaging comprises a pulp and paper mill at Skärblacka in Sweden and two sack companies in England (Papropack) and Germany (Herkules). The unit made a SKr38m operating profit on sales of SKr1.01bn in the first half of 1994, compared with a SKr16m profit and sales of SKr955m in the same 1993 period.

Mr Lennart Ahlgren, AssiDomän president, said the purchase represented "a major step on the way to a position of leadership in Europe in packaging paper".

Mr Bengt Pettersson, MoDo chief executive, said the group was selling the smallest part of its paper business, and would make a modest capital gain on the transaction. "This will enable us to focus on fine papers, printing paper and carton-board," he said.

It clears the way for MoDo to approve a SKr2.1bn investment in a new newsprint machine without having to fund the move through a rights issue. MoDo will give a final decision on the project later this month.

The purchase will lift the annual sales of AssiDomän, which was partly privatised by the Swedish government earlier this year, by SKr2.1bn to about SKr18bn. This means it will overtake MoDo in size to become Sweden's third largest forestry group.

The purchase will increase AssiDomän's share of the European market for unbleached sack paper from 18 per cent to 26 per cent and its share of the bleached sack paper market from 24 per cent to 32 per cent.

## Sharp rise in income seen by Winterthur Insurance

By Ian Rodger in Zurich

Winterthur Insurance, the third largest Swiss insurance group, said its gross premium income in the first half reached SFr10bn (\$8.1bn). The group forecast a double digit rise in net income for the full year, from last year's SFr324.4m.

This is the first time the group, which last month agreed to acquire three insurance companies from Swiss Reinsurance for SFr355m, has published a detailed interim report. No comparative figures were given.

Gross premiums from non-life business were SFr6.38bn while claims amounted to SFr3.85bn and net expenses to SFr1.58bn. The group forecast that gross premium income would grow 9 per cent in the full year to SFr20bn, helped by a first-time consolidation of DBV Insurance of Germany.

Net life premiums were SFr3.7bn and net benefits paid reached SFr2.06bn.

Income from the group's SFr50.56bn in investments reached SFr1.5bn.

Mr Peter Späth, chief executive, said Winterthur had no

plans to raise new capital to help pay for its recent acquisitions.

Swissair, the Swiss national airline group, said the improving business trend recorded in the first half of the year continued in the third quarter, but it added that the airline was still being affected by lower prices and the high Swiss franc.

Mr Hannes Gotsi, chairman, said about 70 per cent of the airline's costs were in Swiss francs, but only a quarter of its revenues were in its home currency.

## Sparebanken and Fokus Bank fall back

By Karen Fosell in Oslo

A sharp rise in domestic interest rates, which hit Norway's bonds and shares, were behind weaker nine-month results reported yesterday by Fokus Bank and Sparebanken Nor.

The banks, however, recorded sharp declines in losses on loans and guarantees. Norway's banks are recovering from the sector's worst post-war crisis and this year have benefited from a strong domestic economy which has significantly improved the performance of loan portfolios.

This week Den norske Bank

and Christiania Bank, the two biggest commercial banks, reported strong interim figures and indicated they might pay dividends for 1994. The banks say loan losses will continue to decline and stabilise by next year at normal levels.

In contrast, Fokus Bank, Norway's third biggest commercial bank, reported a dip in pre-tax profit to Nkr244.3m (\$97.5m) from Nkr246.5m as net interest income fell by Nkr68m to Nkr755m.

Non-interest income was almost halved to Nkr233.3m from Nkr449.2m, reflecting securities losses of Nkr36.2m, against gains of Nkr113m a

year earlier. Foreign currency gains fell by Nkr11.6m to Nkr35.2m.

Losses on loans and guarantees declined dramatically to Nkr66.9m from Nkr251.1m, but operating profit before loan losses was cut by Nkr164.4m to Nkr335.6m.

Sparebanken Nor, Norway's biggest savings bank, reported a steep fall in nine-month pre-tax profit to Nkr497m from Nkr1.03bn.

Net interest income dropped by Nkr27m to Nkr2.3bn while non-interest income fell to Nkr539m from Nkr1.56bn. The bank suffered securities losses of Nkr282m, against

gains of Nkr717m, with bond losses of Nkr324m, against gains of Nkr564m last year.

Operating profit, before loan losses, plunged by more than half to Nkr887m from nearly Nkr2bn.

On the bright side, loan losses were cut by 58 per cent to Nkr401m from Nkr944m and the bank achieved a strong third-quarter net profit of Nkr224m, up sharply from Nkr38m in the second quarter.

Mr Kjell Kran, group managing director, said the positive outlook for the remainder of the year and strong results so far meant the bank will be able pay a solid dividend for 1994.

## Norsk Hydro lifts Njord stake

By Karen Fosell

Norsk Hydro, Norway's biggest stock-listed company, is to increase its shareholding in the 200m-barrel North Sea Njord oil field to 30 per cent by buying Norsk Agip's stake in the field.

Terms of the deal were not disclosed.

Agip, which is restructuring its Norwegian oil field portfolio, put its 10 per cent Njord stake up for sale in the autumn.

Hydro has operational responsibility for Njord and is planning its development.

## Jump in Rhône-Poulenc income

By Andrew Jack in Paris

Lower tax charges helped lift net income at Rhône-Poulenc, the French pharmaceuticals and chemicals group, in the first nine months. Group income rose 47.4 per cent to FF1.14bn (\$222m), compared with the same period in 1993.

The company yesterday said consolidated net sales improved 6.4 per cent to FF63.4bn, reflecting growth in all sectors. The largest increases came in organic and inorganic intermediates, up 6 per cent, and fibres and

polymers, up 17.8 per cent.

It said operating income would have increased 24.6 per cent if the results excluded provisions for restructuring expenses and non-recurring items. In the first half it announced FF698m provisions in Rhône-Poulenc Rorer, its US drugs unit.

The income tax provision fell to FF647m from FF1.16bn, while the charge for minority interests also fell sharply to FF697m, compared with FF1.06bn in the first nine months last year.

The group said the reduction

reflected the merger with Institut Mérieux, and offset a decline in foreign exchange gains and capital gains on asset disposals which were much higher this year.

Net income for the third quarter alone jumped sharply to FF807m, compared with a loss of FF299m last year while net sales rose 7.5 per cent to FF121bn.

The company believed the full-year outlook remained positive and predicted an increase in net income due to improved operations and a capital gain on the sale of assets.

## Buoyant demand lifts Boots 66% in first half

By Tim Burt in London

Boots, the UK retailing and pharmaceuticals group, has increased first-half profits by 66 per cent following buoyant demand for branded drugs and a 147.8m gain on the sale of Farleys baby foods.

Pre-tax profits rose to £280.7m (\$475.1m) from £174.6m in the six months to September 30, although last year's figures were distorted by a £35m write-off on Manoplax, the group's failed heart drug.

Underlying profits rose 20.4 per cent to £241.8m as the group enjoyed increased sales of Synthroid, its thyroid deficiency treatment.

Shares in the company, however, fell 10p to 519p after it warned that US demand for the drug was likely to fall in the

second half, while adding that UK consumer confidence remained fragile.

Sluggish sales at Do it All, the DIY subsidiary joint venture with WH Smith and AG Stanley contributed to a modest 2.8 per cent increase in turnover to £2.04bn from £1.99bn.

Losses by these businesses undermined strong growth at Boots The Chemist, the group's largest division, where profits rose 9 per cent to £144.6m on sales ahead 5.1 per cent at £1.37bn.

The interim dividend was increased from 4.9p to 5.35p. Earnings per share grew to 20.2p from 11.5p, while underlying earnings rose 16.4 per cent to 15.6p from 13.4p. Lex, Page 18; Background, Page 26

## Kwik Save buys Shoprite's Scottish chain

By Paul Taylor and Neil Buckley in London

Kwik Save is consolidating its position as the UK's leading discount grocer by purchasing all of Shoprite group's 117 stores in Scotland and northern England for £45.4m (\$74.4m) in cash.

Kwik Save - which yesterday announced a 7.5 per cent rise in full-year pre-tax profits to £135.6m - will acquire assets with a book value in October 1993 of £59.6m.

The deal marks the end of the rapid rise and fall of Shoprite, which expanded from a supermarket, property and motor retailing group in the Isle of Man in 1990. Lex, Page 18; Details, Page 25

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Payment of the Redemption Amount, together with the interest due, will be made on or after the Redemption Date against presentation and surrender of the Notes at the office of the Fiscal and Paying Agent or at any of the Paying Agents listed below. Notes must be presented for payment together with all unremitted Coupons. Notes and Coupons will become void unless presented for payment within periods of 10 years and 5 years respectively from December 16, 1994 as defined in Condition 11 of the Notes.

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By: The Chase Manhattan Bank, N.A. London, Principal Paying Agent November 4, 1994

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As the Notes have not been issued in definitive form payment of principal and interest on the Notes will be made in accordance with the terms of the Global Note. Payment will be made in pounds sterling, on the order of the Common Depositary as holder of the Global Note, by transfer to an account of the relevant Noteholders with Euroclear or Cedeil in accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Cedeil. Interest shall cease to accrue on the Notes from Monday 5th December, 1994.

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## INTL COMPANIES

## News Corp's preferred shares trade at discount

By Nikkai Tait in Sydney

The limited voting preferred shares issued by Mr Rupert Murdoch's News Corporation began trading on the Australian Stock Exchange yesterday and developed a large discount to the ordinary shares.

When trading opened, the preferred shares were priced at \$4.90, well below the \$5.70 opening level for the ordinary shares. By the close of business the new securities had made up some ground, finishing at \$5.14, compared with \$5.85 for the ordinary shares.

The new shares had been issued, by means of a scrip issue, to existing News Corporation shareholders on a one-for-two basis.

They have been the subject of much debate, because of Mr Murdoch's recent struggle to find a means of raising new capital for News Corporation without loading the group with new debt or further diluting his family's equity interest.

Last year, Mr Murdoch attempted to issue a new class

of shares with "super" voting rights, but the proposal was scotched by institutional opposition. Last month, News said it was activating the preferred shares, as their potential issue had been approved by shareholders in 1990. No stock was issued at that stage.

Provided investors can be found to buy the new shares, voting rights for which are extremely limited, capital to fund acquisitions can be raised through the issue of more preferred stock without diluting the Murdoch family's stake. However, the smaller the discount between the new shares and the ordinary shares, the more advantageous it is for News Corporation.

The Australian Stock Exchange said it would only include the preferred shares in the calculation of the All-Ordinaries Index, the main stock market index, on a long-term basis if they traded closely in line with the ordinary shares. It said it would include them for a three-month trial and then review the situation.

## Brierley buys 26.5% of NZ media group

By Terry Hall in Wellington

Brierley Investments yesterday paid more than NZ\$243m (US\$150m) for a 26.5 per cent shareholding in Wilson and Horton, publisher of New Zealand's biggest circulation paper, the Auckland-based New Zealand Herald.

Brierley, founded by New Zealand corporate predator Sir Ron Brierley, advised the stock exchange before trading began yesterday that it had bought a 19.9 per cent stake overnight and was standing in the market for a further 5 per cent at NZ\$9.50 a share. This was NZ\$1.50 above the previous day's close. The extra shares were bought within minutes. Subsequently, Brierley bought another smaller stake.

Directors of Wilson and Horton complained they had no prior notice of Brierley's intentions. They reminded shareholders of the statement in the latest half-yearly profits report that the group was trading buoyantly and benefits were expected soon from new presses and printing technology. They said the offer price was well below the \$11.10 the shares reached in January.

The New Zealand Herald, which frequently produces 120-page editions, has a circulation of 245,000, about three times



Sir Ron Brierley: advised stock exchange about overnight raid

larger than any other New Zealand daily.

Wilson and Horton also owns provincial newspapers and magazines with strong sales. It has long been viewed as a takeover target, as it is the only newspaper group in Australia or New Zealand that does not have a shareholding by an international publishing group, and no leading shareholder. Brierley Investments has no other media interests.

Wilson and Horton shares closed NZ\$1.25 higher at NZ\$9.50, and Brierley shares rose 2 cents to NZ\$1.25.

## African Oxygen rises 8% to R136m for year

By Mark Suzanne in Johannesburg

African Oxygen, the South African engineering company with interests in gases, welding and healthcare, has reported an 8 per cent increase in after-tax profit to R136m (\$8m) for the year ending in September, up from R128m previously.

Turnover rose 19 per cent to R1.44bn from R1.25bn while trading profit jumped 15 per cent to R268m from R232m. However, net interest paid increased 37 per cent to R44.6m from R32.7m, reflecting a rise in net borrowings to R385m from R288m which the group attributed to a more aggressive investment policy.

Mr Royden Vice, executive chairman, said he thought the results were encouraging given the difficult political and economic environment of the

past year in South Africa.

He said he was particularly pleased with the acquisition of the LPG cylinder business from Engen during the year, which makes Afrox the leading distributor of liquefied petroleum gas in the southern Africa region.

Of the group's three main divisions, healthcare performed best and was strengthened by the acquisition of three hospitals. Gases and welding had a more difficult time, but Mr Vice said both had picked up recently as a result of Afrox's involvement in several domestic capital projects.

Mr Vice said he was confident that next year should see a marked improvement. "Provided the economy grows and violence can effectively be stemmed, 1995 should reflect an improved performance in all three business areas."

## Telecom NZ gains 16.7% at six months

By Terry Hall

Telecom New Zealand, which is controlled by US companies Bell Atlantic and Ameritech, yesterday reported a 16.7 per cent increase in earnings to NZ\$293.3m (US\$181m) for the first six months to September 30.

Operating revenue rose 12.1 per cent to NZ\$1.37bn, including earnings of NZ\$85.4m from Pacific Star, its Australian subsidiary.

Operating expenses fell 11 per cent to NZ\$797.5m and interest costs were down 11 per cent to NZ\$58.9m.

New phone connections rose 47.9 per cent. Staff numbers fell by 1,000 to 4,200 during the period, in line with forecasts.

## PNG mining group expects to tap Nena

By Nikkai Tait

Mr Norm Fressell, chairman of Highlands Gold, the Papua New Guinea-based mining company which is controlled by Australia's MIM Holdings, said yesterday that directors were increasingly confident that a mine could be developed at Nena, the copper/gold prospect close to the Frieda River in the West Sepik province, within four years.

The resource, he said, was estimated to contain 1.2m ounces of gold and 1.2m tonnes of copper.

Highlands' stake in it is 66 per cent. Exploration expenditure this year is expected to rise to \$15m (\$9.4m) more than treble last year's level.

Heron International Finance B.V.  
(the "Issuer")

## Notice of separate meetings of

the holders of the outstanding £205,639,869  
7½ per cent Senior Bonds due 1995-1997 of the Issuer  
(the "Senior Bondholders" and the "Senior Bonds" respectively)  
and  
the holders of the outstanding £50,239,743  
10 per cent Junior Bonds due 2000 of the Issuer  
(the "Junior Bondholders" and the "Junior Bonds" respectively)

## NOTICE IS HEREBY GIVEN

- that a meeting of the Senior Bondholders convened by the Issuer will be held at the offices of Allen & Overy, 9 Cheapside, London EC2V 6AD on Wednesday 30th November, 1994 at 11.00 a.m. (London time) for the purpose of considering and, if thought fit, passing the Extraordinary Resolution of Senior Bondholders set out below, which will be proposed by the Issuer as an Extraordinary Resolution; and
- that a meeting of the Junior Bondholders convened by the Issuer will be held at the above venue on the same date commencing at 11.00 a.m. (London time) for as soon thereafter as the meeting of Senior Bondholders referred to above shall have been concluded or adjourned for the purpose of considering and, if thought fit, passing the Extraordinary Resolution of Junior Bondholders set out below, which will be proposed by the Issuer as an Extraordinary Resolution.

## Extraordinary Resolution of Senior Bondholders

THAT this meeting of the holders of the outstanding £205,639,869 7½ per cent Senior Bonds due 1995-1997 of Heron International Finance B.V. (the "Senior Bonds" and the "Issuer" respectively) constituted by the Trust Deed dated 24th September, 1993 (the "Trust Deed") made between the Issuer (1), Heron International N.V. ("Heron") and various other Heron Head Office Division Companies (2) and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for, inter alios, the holders of the Senior Bonds from time to time (the "Senior Bondholders") (3):

- subject to and with effect from receipt by the Trustee and the Banks' Trustee (as defined in the Trust Deed) of certification in writing by HNV Acquisition Limited ("HNV") to the Trustee and the Banks' Trustee that the Common Share Offer (as defined and more particularly described in an Offer and Proposals Document published on or about 28th October, 1994, a copy of which has been produced to this meeting and initiated by the chairman hereof for the purposes of identification, the "Offer and Proposals Document") and including any revision of the Common Share Offer made in accordance with the Offer and Proposals Document has become unconditional in all respects ("Satisfaction of the Condition"), sanctions the Senior Bond Proposal (as defined and set out in the Offer and Proposals Document) for the sale or exchange of the Senior Bonds to HNV for cash or for ordinary shares in HNV ("HNV Ordinary Shares") or partly for cash and partly for such HNV Ordinary Shares, so that such sale and/or exchange shall be effected by such sanction on the terms of the Offer and Proposals Document and all holders of such Senior Bonds shall thereby be bound by such sale and/or exchange on such terms;
- sanctions the modifications of and variations to the Trust Deed, any of the other Relevant Documents (as defined in the Trust Deed), the Senior Bonds and the interest coupons appertaining thereto (the "Coupons") referred to in, and the grant of the rights, powers, authorities and discretions conferred on the Trustee by the supplemental deed in the form of the draft produced to this meeting and for the purposes of identification signed by the chairman hereof (the "Supplemental Deed") with such amendments thereto (if any) as the Trustee shall approve or require;
- sanctions on the terms and to the extent set out in the draft of the Supplemental Deed produced to this meeting and for the purposes of identification signed by the chairman hereof:
  - the suspension of the obligations of the Issuer under, in relation to or in respect of each Senior Bond and any Coupon appertaining to such Senior Bond, whether such obligations shall arise under the Trust Deed, any of the other Relevant Documents, such Senior Bond, any of such Coupons or otherwise; and
  - the suspension of the rights exercisable under, in relation to or in respect of each Senior Bond and any Coupon appertaining to such Senior Bond by the Trustee, the holder of such Senior Bond or the holder of any such Coupon, whether such rights shall arise under the Trust Deed, any of the other Relevant Documents, such Senior Bond, any of such Coupons or otherwise (including for the avoidance of doubt but without limitation under any guarantee or security given by any Head Office Signatory Company (as defined in the Trust Deed));
 in each case with effect from the passing of this resolution (whether or not Satisfaction of the Condition shall have happened at that time and notwithstanding that the Supplemental Deed is not in force) until either:
  - the Common Share Offer has lapsed or the Senior Bond Proposal has terminated in accordance with the Offer and Proposals Document; or
  - settlement of the consideration for such Senior Bond has occurred in accordance with the Offer and Proposals Document and such Senior Bond and all Coupons and all talons appertaining thereto have been delivered to HNV or, at HNV's election, such Senior Bond has been credited to an account held by Swiss Bank Corporation with Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system ("Euroclear") or with Codel, société anonyme ("Codel");
 whereupon such rights under, in relation to or in respect of such Senior Bond and Coupon shall become immediately exercisable and such obligations under, in relation to or in respect of such Senior Bond and Coupon shall immediately revive as if the same shall never have been suspended;
- sanctions every abrogation, modification or arrangement in respect of the rights of the Trustee, the Senior Bondholders and the holders of the Coupons against the Head Office Signatory Companies whether such rights arise under the Trust Deed, any of the other Relevant Documents, the Senior Bonds or otherwise (including for the avoidance of doubt but without limitation under any guarantee or security given by any Head Office Signatory Company) as may be necessary or expedient to carry out or give effect to this resolution and sanctions the acceptance of the Common Share Offer by each Group Company (as defined in the Trust Deed);
- subject to and with effect from Satisfaction of the Condition, authorises and instructs Euroclear and Codel to deliver to HNV or, at HNV's election, to credit to an account held by Swiss Bank Corporation with each of Euroclear and Codel, all the Senior Bonds credited to accounts held with them against receipt of the cash consideration (payable by HNV) for and on behalf of, or upon written certification by HNV to Euroclear and/or Codel of despatch of share certificates in respect of HNV Ordinary Shares to be issued to or to the order of, those persons to whose accounts such Senior Bonds were credited immediately prior to such delivery or, as the case may be, crediting and who are entitled to receive such consideration under the terms relating to the Senior Bond Proposal;
- subject to and with effect from Satisfaction of the Condition, sanctions the incurring, on terms agreed between Heron and Heron International PLC ("HIP"), of a borrowing by HIP from Heron for the purpose of enabling HIP to pay and, subject to and with effect from Satisfaction of the Condition, sanctions the payment by HIP of all the outstanding Deferred Standstill Fees (as defined in the Head Office Medium Term Restructuring Agreement, as itself defined in the Trust Deed) and interest thereon, all as more particularly described in Part I of the Offer and Proposals Document, and authorises any breach of the Trust Deed (including without limitation Clause 4(A)(ii) thereof), the conditions of the Senior Bonds and any of the other Relevant Documents which may be caused by such borrowing or payment;
- authorises the Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary or expedient to carry out and give effect to this resolution including without limitation the execution, as soon as practicable after the passing of this resolution, of the Supplemental Deed with such amendments (if any) thereto as the Trustee shall approve or require;
- subject to and with effect from Satisfaction of the Condition, authorises the Issuer to procure the transfer to HNV of all Senior Bonds in registered form ("Registered Senior Bonds") on the register of holders of Registered Senior Bonds in accordance with the Offer and Proposals Document notwithstanding the provisions concerning the transfer of Registered Senior Bonds contained in the Senior Bonds and the Trust Deed;
- sanctions the Extraordinary Resolution of Junior Bondholders set out in the notice of meeting of Junior Bondholders dated 4th November, 1994; and
- resolves that any provision or paragraph of this resolution which is prohibited or unenforceable in any jurisdiction shall, as to such provision or paragraph and jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions or paragraphs of this resolution.

## Extraordinary Resolution of Junior Bondholders

THAT this meeting of the holders of the outstanding £50,239,743 10 per cent Junior Bonds due 2000 of Heron International Finance B.V. (the "Junior Bonds" and the "Issuer" respectively) constituted by the Trust Deed dated 24th September, 1993 (the "Trust Deed") made between the Issuer (1), Heron International N.V. ("Heron") and various other Heron Head Office Division Companies (2) and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for, inter alios, the holders of the Junior Bonds from time to time (the "Junior Bondholders") (3):

- subject to and with effect from receipt by the Trustee and the Banks' Trustee (as defined in the Trust Deed) of certification in writing by HNV Acquisition Limited ("HNV") to the Trustee and the Banks' Trustee that the Common Share Offer (as defined and more particularly described in an Offer and Proposals Document published on or about 28th October, 1994, a copy of which has been produced to this meeting and initiated by the chairman hereof for the purposes of identification, the "Offer and Proposals Document") and including any revision of the Common Share Offer made in accordance with the Offer and Proposals Document has become unconditional in all respects ("Satisfaction of the Condition"), sanctions the Junior Bond Proposal (as defined and set out in the Offer and Proposals Document) for the sale or exchange of the Junior Bonds to HNV for cash or for ordinary shares in HNV ("HNV Ordinary Shares") or partly for cash and partly for such HNV Ordinary Shares, so that such sale and/or exchange shall be effected by such sanction on the terms of the Offer and Proposals Document and all holders of such Junior Bonds shall thereby be bound by such sale and/or exchange on such terms;
- sanctions the modifications of and variations to the Trust Deed, any of the other Relevant Documents (as defined in the Trust Deed), the Junior Bonds and the interest coupons appertaining thereto (the "Coupons") referred to in, and the grant of the rights, powers, authorities and discretions conferred on the Trustee by the supplemental deed in the form of the draft produced to this meeting and for the purposes of identification signed by the chairman hereof (the "Supplemental Deed") with such amendments thereto (if any) as the Trustee shall approve or require;
- sanctions on the terms and to the extent set out in the draft of the Supplemental Deed produced to this meeting and for the purposes of identification signed by the chairman hereof:
  - the suspension of the obligations of the Issuer under, in relation to or in respect of each Junior Bond and any Coupon appertaining to such Junior Bond, whether such obligations shall arise under the Trust Deed, any of the other Relevant Documents, such Junior Bond, any of such Coupons or otherwise; and
  - the suspension of the rights exercisable under, in relation to or in respect of each Junior Bond and any Coupon appertaining to such Junior Bond by the Trustee, the holder of such Junior Bond or the holder of any such Coupon, whether such rights shall arise under the Trust Deed, any of the other Relevant Documents, such Junior Bond, any of such Coupons or otherwise (including for the avoidance of doubt but without limitation under any guarantee or security given by any Head Office Signatory Company (as defined in the Trust Deed));
 in each case with effect from the passing of this resolution (whether or not Satisfaction of the Condition shall have happened at that time and notwithstanding that the Supplemental Deed is not in force) until either:
  - the Common Share Offer has lapsed or the Junior Bond Proposal has terminated in accordance with the Offer and Proposals Document; or
  - settlement of the consideration for such Junior Bond has occurred in accordance with the Offer and Proposals Document and such Junior Bond and all Coupons and all talons appertaining thereto have been delivered to HNV or, at HNV's election, such Junior Bond has been credited to an account held by Swiss Bank Corporation with Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system ("Euroclear") or with Codel, société anonyme ("Codel");
 whereupon such rights under, in relation to or in respect of such Junior Bond and Coupon shall become immediately exercisable and such obligations under, in relation to or in respect of such Junior Bond and Coupon shall immediately revive as if the same shall never have been suspended;
- sanctions every abrogation, modification or arrangement in respect of the rights of the Trustee, the Junior Bondholders and the holders of the Coupons against the Head Office Signatory Companies whether such rights arise under the Trust Deed, any of the other Relevant Documents, the Junior Bonds or otherwise (including for the avoidance of doubt but without limitation under any guarantee or security given by any Head Office Signatory Company) as may be necessary or expedient to carry out or give effect to this resolution and sanctions the acceptance of the Common Share Offer by each Group Company (as defined in the Trust Deed);
- subject to and with effect from Satisfaction of the Condition, authorises and instructs Euroclear and Codel to deliver to HNV or, at HNV's election, to credit to an account held by Swiss Bank Corporation with each of Euroclear and Codel, all the Junior Bonds credited to accounts held with them against receipt of the cash consideration (payable by HNV) for and on behalf of, or upon written certification by HNV to Euroclear and/or Codel of despatch of share certificates in respect of HNV Ordinary Shares to be issued to or to the order of, those persons to whose accounts such Junior Bonds were credited immediately prior to such delivery or, as the case may be, crediting and who are entitled to receive such consideration under the terms relating to the Junior Bond Proposal;
- subject to and with effect from Satisfaction of the Condition, sanctions the incurring, on terms agreed between Heron and Heron International PLC ("HIP"), of a borrowing by HIP from Heron for the purpose of enabling HIP to pay and, subject to and with effect from Satisfaction of the Condition, sanctions the payment by HIP of all the outstanding Deferred Standstill Fees (as defined in the Head Office Medium Term Restructuring Agreement, as itself defined in the Trust Deed) and interest thereon, all as more particularly described in Part I of the Offer and Proposals Document, and authorises any breach of the Trust Deed (including without limitation Clause 4(A)(ii) thereof), the conditions of the Junior Bonds and any of the other Relevant Documents which may be caused by such borrowing or payment;
- authorises the Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary or expedient to carry out and give effect to this resolution including without limitation the execution, as soon as practicable after the passing of this resolution, of the Supplemental Deed with such amendments (if any) thereto as the Trustee shall approve or require;
- subject to and with effect from Satisfaction of the Condition, authorises the Issuer to procure the transfer to HNV of all Junior Bonds in registered form ("Registered Junior Bonds") on the register of holders of Registered Junior Bonds in accordance with the Offer and Proposals Document notwithstanding the provisions concerning the transfer of Registered Junior Bonds contained in the Junior Bonds and the Trust Deed;
- sanctions the Extraordinary Resolution of Senior Bondholders set out in the notice of meeting of Senior Bondholders dated 4th November, 1994; and
- resolves that any provision or paragraph of this resolution which is prohibited or unenforceable in any jurisdiction shall, as to such provision or paragraph and jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions or paragraphs of this resolution.

## Further Details

Details of the background to the above Extraordinary Resolutions are contained in the Offer and Proposals Document. The Offer and Proposals Document sets out and more particularly describes the Senior Bond Proposal and the Junior Bond Proposal (together the "Bond Proposals"). Copies of the Offer and Proposals Document are available for collection at the specified offices of the Paying Agents set out below ("Paying Agents"). Bondholders wishing to elect to receive the consideration under the Bond Proposals in the form of HNV Ordinary Shares must complete a form of election ("Form of Election"). Bondholders holding Bonds through Euroclear or Codel should contact the custodian through whom their Bonds are held for details of the action to be taken to elect to receive such shares. Bondholders holding Bonds outside Euroclear and Codel should complete a Form of Election obtainable from any Paying Agent and deposit the completed Form of Election, together with their Bonds, with any Paying Agent. Details of the closing date(s) of the period(s) for election are set out in the Offer and Proposals Document. Bondholders wishing to receive the consideration under the Bond Proposals in the form of cash need not make any election. Bondholders holding Bonds through Euroclear or Codel should contact the custodian through whom their Bonds are held for details of how settlement of the cash consideration will be effected. If the Bond Proposals become unconditional, Bondholders holding Bonds outside Euroclear and Codel may deposit their Bonds at the specified office of any Paying Agent for the purpose of obtaining the cash consideration if the Bond Proposals become unconditional. Copies of the Trust Deed (including the terms and conditions of the Senior Bonds and the Junior Bonds) and of certain other relevant documents are available for inspection by the Senior Bondholders and the Junior Bondholders at the specified offices of the Paying Agents.

The attention of Senior Bondholders and Junior Bondholders is in particular drawn to the quorum required for the meetings and for adjourned meetings, which is set out in paragraph 2 of "Voting and Quorum" below. In accordance with normal practice, the Trustee expresses no opinion on the merits of the Extraordinary Resolutions or of the Offer (as defined in the Offer and Proposals Document) but has authorised it to be stated that, on the basis of the information set out herein and in the Offer and Proposals Document (in respect of which information including but without limitation information concerning the estimated funds available in the event of insolvency proceedings (as defined in Part 7 of the Offer and Proposals Document)) the Trustee has not carried out any independent verification and responsibility for which is accepted by the directors of Heron, the Issuer or, as the case may be, HNV as set out in the Offer and Proposals Document, it has no objection to the respective Extraordinary Resolutions being submitted to the Senior Bondholders and the Junior Bondholders for their consideration.

## Voting and Quorum

- Bearer Senior Bonds, Bearer Junior Bonds and Old Bonds.**  
A holder of one or more Senior Bonds or Junior Bonds in bearer form ("Bearer Bonds") wishing to attend and vote at the relevant meeting in person must produce at such meeting either the Bearer Bond(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bearer Bond(s), in respect of which he wishes to vote.  
A holder of one or more Bearer Bonds not wishing to attend and vote at the relevant meeting in person may either deliver his Bearer Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction through Euroclear or Codel or on a voting instruction form obtainable from the specified offices of the Paying Agents instructing a Paying Agent to appoint a proxy to attend and vote at such meeting (or, if applicable, any adjourned such meeting) in accordance with his instructions.  
Bearer Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control (which shall include being blocked in a securities account at Euroclear or Codel) until the time being 48 hours (as defined in the Trust Deed) before the time appointed for holding the relevant meeting, but not thereafter, for the purpose of obtaining voting proxies or giving voting instructions in respect of the relevant meeting. Any Bearer Bond(s) so deposited or held will be released at the conclusion of the relevant meeting (or, if applicable, any adjourned such meeting) or upon surrender of the voting certificate(s) or, not less than 48 hours (as defined in the Trust Deed) before the time for which the relevant meeting (or, if applicable, any adjourned such meeting) is convened and subject as provided in the Trust Deed, the voting instruction receipt(s) issued in respect thereof.  
General Creditors whose Scheme Claims were treated as Admitted Liabilities on the Implementation Date (as each of those terms is defined in the schemes of arrangement which were implemented on 24th September, 1993) and holders of bonds issued by the Issuer prior to 24th September, 1993 who have not yet received Senior Bonds and Junior Bonds in exchange for their claims or holdings may be entitled to attend and vote or be represented at the above meetings and take the benefit of the Bond Proposals. Such persons should contact Swiss Bank Corporation, London, by means of a fax marked "Heron Bond Proposals" on fax number (44) 71 711 4082.
  - Registered Senior Bonds and Registered Junior Bonds.**  
A holder of one or more Registered Senior Bonds or Registered Junior Bonds (together "Registered Bonds") wishing to attend and vote at the relevant meeting in person may do so whether or not he produces to the chairman of such meeting the Registered Bond(s) of which he is the registered holder.  
A holder of Registered Bonds not wishing to attend and vote at the relevant meeting in person may by a form of proxy in English (obtainable from the specified offices of the Paying Agents) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person as a proxy to act on his or its behalf in connection with such meeting (or, if applicable, any adjourned such meeting). To be valid, a form of proxy must be delivered to the specified office of the Registrar or any of the Transfer Agents (being also the Paying Agents) not less than 48 hours (as defined in the Trust Deed) before the time appointed for holding the relevant meeting.  
Any holder of Registered Bonds which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (hereinafter called a "representative") in connection with the relevant meeting (or, if applicable, any adjourned such meeting).
- The quorum required at the meeting of Senior Bondholders is in each case two or more persons present holding Senior Bonds or Junior Bonds, as the case may be, or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than a clear majority of the principal amount of the Senior Bonds or the Junior Bonds, as the case may be, for the time being outstanding. If a quorum is not present at the relevant meeting, the inquorate meeting will be adjourned and the Extraordinary Resolution intended to be put to the inquorate meeting will be considered at an adjourned meeting (notice of which will be given to the Senior Bondholders or Junior Bondholders, as the case may be). The quorum at such an adjourned meeting will be two or more persons present holding Senior Bonds or Junior Bonds, as the case may be, or voting certificates or being proxies or representatives, whatever the principal amount of the Senior Bonds or Junior Bonds, as the case may be, so held or represented by them.
- Every question submitted to the relevant meeting will be decided on a show of hands unless a poll is demanded by the chairman of the relevant meeting or by the Issuer or the Trustee or by any person present holding a Senior Bond or a Junior Bond, as the case may be, or a voting certificate or being a proxy or representative, whatever the principal amount of the Senior Bonds or Junior Bonds, as the case may be, so held or represented by him. On a show of hands every person who is present in person and produces a Bearer Senior Bond or Bearer Junior Bond (as appropriate) or voting certificate or is a holder of Registered Senior Bonds or Registered Junior Bonds (as appropriate) or is a proxy or representative shall have one vote. On a poll every person who is so present shall have one vote in respect of each £1 in nominal amount of the Senior Bonds or Junior Bonds, as the case may be, so produced or represented by the voting certificate so produced or in respect of which he is the holder or a proxy or representative.
- To be passed, an Extraordinary Resolution of either the Senior Bondholders or the Junior Bondholders requires a majority in favour consisting of not less than three-fourths of the votes cast. If passed, an Extraordinary Resolution of either the Senior Bondholders or the Junior Bondholders will be binding upon all the Senior Bondholders or Junior Bondholders, as the case may be, whether or not present at the relevant meeting and whether or not voting, and upon all holders of Coupons appertaining to the Bearer Bonds.

Registered Office:  
Hockemrod 6-8 1102 BT Amsterdam, The Netherlands  
Dated: 4th November, 1994

**Principal Paying Agent**  
The Chase Manhattan Bank, N.A.  
Woolgate House  
Coleman Street  
London EC2P 2HD

**Other Paying Agents**  
Chase Manhattan Bank Luxembourg S.A.  
5 Rue Platée  
L-2338 Luxembourg Grand

**Other Paying Agents**  
Banque Bruxelles Lambert S.A.  
24 avenue Marix  
B-1050 Bruxelles

**Other Paying Agents**  
Chase Manhattan Bank (Switzerland)  
63, rue du Rhône  
CH-1203 Geneva

**Other Paying Agents**  
Deutsche Bank AG  
Taunusanlage 12  
D-60325 Frankfurt am Main

THIS NOTICE IS IMPORTANT IF SENIOR BONDHOLDERS OR JUNIOR BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE IN RESPECT OF ANY ASPECT OF THE EXTRAORDINARY RESOLUTIONS THEY SHOULD CONSULT THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

By order of the Board of Directors  
of Heron International Finance B.V.



## INTERNATIONAL COMPANIES AND FINANCE

## America West Airlines little changed at \$33.9m

By Richard Tomkins  
in New York

America West Airlines, the US airline that emerged from chapter 11 bankruptcy protection in August, yesterday said it made operating profits of \$33.9m in the third quarter to September, little changed from the \$33m it made in the same period last year.

However, the company said it had been constrained by the bankruptcy process from expanding its fleet of 85 aircraft during both periods, and the latest quarter had included \$5.1m of operating expense adjustments relating

mainly to additional reserves for bad debts and inventories.

Figures for net income were not comparable with the previous period's \$14.4m because fresh start reporting was adopted when America West emerged from bankruptcy on August 25. From July 1 to August 25 it made \$19.1m, and from August 26 to September 30 - described by the airline as a seasonally weak period - it made \$12.2m.

Mr A. Maurice Myers, chief operating officer, said America West had increased capacity by about 7 per cent year-on-year by making more efficient use of its aircraft. The extra seat

capacity had been filled, keeping the average load factor at 89.5 per cent.

Mr Myers said America West planned to consolidate its position in existing markets by increasing frequencies and by expanding cautiously where opportunities arose - as in its recent decision to initiate services to Mazatlan and Los Cabos in western Mexico.

He said America West would differentiate itself from other carriers by offering full service to passengers at low cost.

The company has one of the lowest cost bases in the US airline industry, with operating costs per available seat mile of 6.99 cents.

## Bristol-Myers buys Merck unit

By Richard Waters  
in New York

Bristol-Myers Squibb said it had agreed to pay rival US pharmaceutical group Merck \$365.5m to acquire its Calgon Vastal Laboratories division, a maker of skin care and infection control products.

The sale of the company, which employs 700 people and had revenues last year of \$106m, is part of a previously announced move by Merck to shed businesses outside its

core human and animal health divisions. Merck said yesterday it expected to pick a buyer for Kelco, a second division which is for sale, by the end of the year.

Kelco is a maker of alginates and biogums, materials which are used as stabilisers in food and other products. In 1993, it had sales of \$296m and 1,300 employees.

Bristol-Myers said it would merge Calgon with its own ConvaTec division, which makes medical devices for

colostomy patients, as well as materials for the care of wounds.

Calgon's products would complement those of ConvaTec, Bristol-Myers said. The two companies' products would benefit from the wider distribution and sales networks the transaction would create.

ConvaTec would bring Calgon stronger international distribution while Calgon would give ConvaTec greater access to the US nursing home and home-care markets.

## Conseco reduces Kemper offer

By Richard Waters

The fate of Kemper, the US financial services group, was thrown into doubt as Conseco, the Indiana-based insurer, reduced the value of its bid for the company.

The move could open the way for a renewed takeover approach from GE Capital, the financial services arm of General Electric, or another buyer.

The lower offer, which values Kemper at \$2.4bn, has been made because the original offer probably would not win the support of Conseco's shareholders, said Mr Stephen Hil-

bert, Conseco's chairman and chief executive.

Many shareholders are believed to be unhappy that a fall in Conseco's share price since June, when the original offer was made, would leave Kemper shareholders with a far bigger proportion of the enlarged group once the deal was completed.

The revised offer valued Kemper at \$2.4bn, a \$500m share less than the earlier bid.

GE Capital's offer of \$3.6bn a share in cash for Kemper in May was rejected by Kemper's board as inadequate. The decision to spurn that bid means it

will be difficult for Kemper's directors to accept Conseco's lower offer without facing lawsuits from shareholders.

Conseco said it had proposed the new offer to Kemper, but that its initial offer remained in effect.

The cash portion in Conseco's revised bid is unchanged, at \$56 a share. But Kemper shareholders will now be offered fewer Conseco shares. Under the new bid, Kemper shareholders would receive 0.1087 of a Conseco share, in addition to the cash, leaving them with about 17 per cent of the enlarged group.

## Feeding frenzy among Italian banks

The recent spate of bids and mergers was not unexpected, says Andrew Hill

Mr Lamberto Dini, Italy's treasury minister, came straight to the point yesterday, when asked to comment on the spate of bids and mergers announced by Italian banks in the last week.

"It's desirable that the excessive fragmentation of the Italian banking system should be reduced," he said.

If anything, this is an understatement. Forbidden to trespass on other banks' territory until recently, Italy managed to arrive in the 1990s with more than 1,000 different banks, at least one for each fair-sized town.

In terms of size, if the Japanese are the whales of the world's banking sector -

accounting for 11 out of the biggest 20 in the world rankings prepared by The Banker magazine - then the Italians are the plankton, with the important qualification that Italy's banks have so far proved unattractive to their larger foreign counterparts.

Within the Italian banking system, however, a small feeding frenzy has begun. The manoeuvres of the last week were not unexpected, and nor was the fact that the main bids came from the two recently privatised banks, Credito Italiano (Credito) and Banca Commerciale Italiana (BCI), both based in Milan. Both banks had raised cash for acquisitions through rights issues earlier in the year.

Credito is seeking a majority stake in the Bologna-based Gruppo Bancario Credito Romagnolo (Rolo), for which it is prepared to pay L19,000 a share, or more than L2,000bn (\$1.3bn).

Two days ago - exactly a week after news of the Credito offer leaked out - BCI decided to make a similar approach to shareholders in Banco Ambrosiano Veneto (Ambroveneto), with an offer of L7,000 a share, for an initial stake of between 15 and 29 per cent. This would then be followed up by a full bid on the same terms, in the hope of acquiring just over 50 per cent of Ambroveneto at a cost of nearly L1.75bn.

Ambroveneto has so far refrained from comment about the BCI bid, but Credito's offer for Rolo - less generous, according to analysts - has begun what could turn into a hard-fought bid battle.

Credito claims its offer is not hostile, but Rolo has reacted defensively, employing heavyweight advisers Morgan Stanley and Goldman Sachs International, and announcing plans to reject an abortive merger with the Cser group, which owns 76.4 per cent of Rolo's nearest rival, the Cassa di Risparmio in Bologna.

Rolo has been painted as the champion of the prosperous Emilia Romagna region, with its strong local identity, but its future will depend on the willingness of its largest share-

### HOW THE ITALIAN BANKING SECTOR COULD CHANGE (Italy's biggest banks)

	Assets (Lbn)	Gross operating profit divided by assets (%)	Branches
San Paolo di Torino	188,818	1.27	959
Banca di Roma	152,855	1.36	1,225
Credito	123,822	1.54	651
Banca Commerciale Italiana	115,813	1.52	689
Banco Ambrosiano Veneto	42,005	2.01	500
Credito Italiano	113,490	1.39	641
Credito Romagnolo	31,155	2.25	356
Banco di Napoli	109,227	0.81	800
Banca Nazionale del Lavoro	108,508	1.05	692

\* Combined assets, L157,818bn; combined branches, 1,189  
\* Combined assets, L144,845bn; combined branches, 897  
\* Credito Romagnolo plans to merge with Cassa di Risparmio in Bologna

Source: Italian Bankers' Association

holders, which include BNP of France and Mr Carlo De Benedetti, chairman of the Olivetti computer group, to hold on to their stakes.

Whatever the outcome of these offers, analysts say they could mark the beginning of further rationalisation in the sector.

Until recently, Italian banks had been slow to benefit from the reform of the sector. Some banks have taken advantage of the 1990 Amato law, which allows foundations - the traditional shareholders in some of Italy's biggest banks - to float up to 49 per cent of the banks' shares on the stock market.

Others have formed loose regional alliances, but there have been few large mergers or takeovers.

The consolidation process

has been in the works for a long time," said one analyst yesterday. "I think we will begin to see other banks starting to take talk about strengthening their links."

Any future mergers will have to be consummated before the end of this year if they want to benefit from tax breaks under the Amato law, but observers say that deadline could be extended, as it has been in the past, to encourage reluctant partners to marry.

Separately, the recent bids have reignited speculation about who stands to benefit from the trend for consolidation.

In the short term, there are suspicions that certain investors may have known too much about the impending Rolo bid: the group's shares

rose sharply ahead of the Credit offer.

In the longer term, sceptical observers identify the hand of Mediobanca - the Milan-based merchant bank - behind both the BCI and Credito moves.

Mediobanca gained an indirect influence over the two banks after privatisation, through big corporate shareholders, and any extension of the two banks' branch networks would provide more outlets for the sale of Mediobanca's bonds and financial products.

There is also a suggestion, denied by the banks themselves, that Credit and BCI have agreed to carve up the north of the country, while Banca di Roma - the other large state-controlled bank - consolidates its position in the south.

There is still a long way to go, however, before Italy achieves the level of concentration of, for example, France or the UK.

Analysts believe that the country can probably support between 100 and 200 banks, and unless Credit and BCI decide to merge with one another, the country will still lag behind in world rankings.

Mr Dini himself said yesterday that it was up to the markets to decide the outcome of the mergers and bids tabled in the last 10 days. "We can only observe," he added.

## Acquisitions help TBS to lift operating profits

By Patrick Harverson  
in New York

Turner Broadcasting System yesterday reported a 46 per cent improvement in third-quarter operating profits, to \$88m, on revenues of \$739m, up from \$501m a year ago, in the wake of strong contributions from recently-acquired units, including the New Line Cinema and Castle Rock movie production companies.

TBS, however, reported a net loss of \$5m for the period due to several extraordinary items, including accounting changes and a charge to cover the retirement of debt.

Mr Ted Turner, chairman of TBS, singled out the performance of the group's New Line Cinema unit, which produced the hit film *Musik*, TBS's first film to gross \$100m in box office revenues. Of the \$234m

increase in entertainment operations revenues to \$542m, \$178m came from New Line, Castle Rock and the Hanna-Barbera animation unit, all of which were acquired between late 1993 and early 1994.

TBS's news division, which includes the CNN network, posted an 18 per cent increase in revenues to \$163.6m. Higher domestic advertising revenues were boosted by stronger viewer ratings, and subscription revenues increased 16 per cent, primarily because of higher sales in the US satellite dish market.

The baseball players' strike affected TBS's miscellaneous revenues, which include earnings from the Atlanta Braves baseball club. These fell 39 per cent to \$37.7m.

TBS's share price climbed 5% to \$17.17 in early trading in New York yesterday.

## Chilean financial group opts for Santiago share offering

By Stephen Fidler,  
Latin America Editor

Bicecorp, the Chilean financial services group, is aiming to increase its capital base through an initial public offering of shares this month.

However, unlike other Chilean groups, it has chosen to raise the money in the Santiago market, rather than New York - in spite of the likelihood that the New York market would place a higher valuation on the issue.

Mr Eliodoro Matte, Bicecorp's president, calculates that his company's shares will be valued in Santiago at about 14 times prospective 1994 earnings. In New York - using past floatations for banking groups such as Banco O'Higgins as a guide - he believes the multiple would be nearer 18.

Mr Matte gave two reasons for selling the shares through the more conservative Santiago market. First, for a closed corporation such as Bicecorp, the jump to New York Stock Exchange stan-

dards of disclosure is a substantial one. Second, he believes the price of the company's shares will be less likely to be buffeted by big shifts of sentiment in New York.

Bicecorp may be interested in a New York listing in the future, but for now it believes Santiago-based investors are likely to have firmer hands. This is in part because Chilean law stipulates that foreigners must hold on to investments in Chile for at least a year.

Bicecorp, a diversified financial services group which holds the Banco BICE investment bank and the largest stockbroker in Chile, is the first group to be designated a bank holding company in Chile.

The group - in which the London-based Rothschild group of Sir Evelyn Rothschild has a substantial stake - is selling new shares equivalent to 16 per cent of its capital and expects to raise about \$30m. The offering will dilute the stake of Rothschild, which does much of its Latin American business in co-operation

with BICE - to 34.17 per cent from 40.68 per cent, and that of Mr Matte's Grupo Matte to 47.67 per cent from 56.75 per cent. Rothschild has held a stake in BICE since it was founded in 1979, and boosted the stake to more than 40 per cent in 1987.

The share issue - which will be used to increase the capital of the bank to international standards and to boost its life insurance business - will begin trading in Santiago on November 14. The shares will be priced a few days before that; the minimum set by the board is just under \$4 a share. The offering is being made through Bankers Trust's Chilean broking subsidiary, Larraín Vial, and BICE Corredores.

Mr Matte said he hoped two-thirds of the shares would be placed with Chilean and foreign institutions (Chilean pension funds are excluded from buying new issues), and the remainder with Chilean individuals, who get tax incentives to subscribe for new shares.

### Heron International N.V.

#### Notice of Annual General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Heron International N.V. (the "Company") will be held at 10 a.m. (Curacao time) on 28th November, 1994 at the offices of Smeets Thesseling & Van Bokhorst, Julianaplein 5, Curacao, Netherlands Antilles to consider, and if thought fit, pass the following resolutions of the Company.

- That the report by the board of directors on the course of business during the preceding financial year produced to the meeting and initiated by the Chairman for the purposes of identification be and is hereby received and approved.
- That the financial statements of the Company for the period ending 31st March, 1994 consisting of the balance sheet as at 31st March, 1994 and the profit and loss account for the period ended 31st March, 1994 produced to the meeting and initiated by the Chairman for the purposes of identification, be and they are hereby adopted.
- That subject to the offer (the "Common Share Offer") made by or on behalf of HNV Acquisition Limited in the Offers and Proposals Document dated 28th October, 1994 produced to the meeting and initiated by the Chairman for the purposes of identification (the "Offers and Proposals Document") to acquire all the common shares of 25p each in the capital of the Company (the "Common Shares") becoming unconditional in all respects:
  - the Articles of Association of the Company be amended and fully restated in accordance with the draft drawn up by Smeets Thesseling & Van Bokhorst and produced to the Meeting (the "First Amendment") provided that if, on the business day following the last day on which the Common Share Offer may be terminated in accordance with its terms, the Common Share Offer has not been terminated, the Articles of Association of the Company shall immediately be further amended in accordance with the draft drawn up by Smeets Thesseling & Van Bokhorst and produced to the Meeting (the "Second Amendment") and further provided that if the Common Share Offer is terminated, the Articles of Association of the Company shall immediately be further amended and fully restated in accordance with the draft drawn up by Smeets Thesseling & Van Bokhorst and produced to the Meeting (the "Third Amendment"); and
  - any lawyer of Smeets Thesseling & Van Bokhorst be authorised to execute a notarial deed recording the First Amendment and either the Second Amendment or the Third Amendment, as the case may be, and to request the approval of the Minister of Justice of the Netherlands Antilles and to make such changes to the First Amendment and to either the Second Amendment or the Third Amendment, as the case may be, as the Minister of Justice may require.
- That, subject to the Common Share Offer becoming unconditional in all respects, Steven J. Green be elected as a director of the Company.
- That, subject to the Common Share Offer becoming unconditional in all respects, Steven B. Fink be elected as a director of the Company.
- That, subject to the Common Share Offer becoming unconditional in all respects, David Mahoney be elected as a director of the Company.
- That, subject to the Common Share Offer becoming unconditional in all respects, Joseph J. Dempsey, Jr. be elected as a director of the Company.
- That, subject to the Common Share Offer becoming unconditional in all respects, the resignation of Lord Boardman as a director of the Company be accepted, such resignation to take effect on or before the date on which the consideration due under the Bond Proposals (as defined and set out in the Offers and Proposals Document) and the Common Share Offer is first settled.
- That, subject to the Common Share Offer becoming unconditional in all respects, the resignation of Charles G. J. Leeming as a director of the Company be accepted, such resignation to take effect on or before the date on which the consideration due under the Bond Proposals and the Common Share Offer is first settled.
- That, subject to the Common Share Offer becoming unconditional in all respects, the resignation of Lionel J. Ross as a director of the Company be accepted, such resignation to take effect on or before the date on which the consideration due under the Bond Proposals and the Common Share Offer is first settled.

Copies of the financial statements, the Amendments and the agenda of the meeting are available for inspection at the offices of the Company at 18 Kaya W.F.G. (Jombi) Menating, Curacao, Netherlands Antilles, at the offices of the Registrar, Chase Manhattan Bank Luxembourg S.A., at 5 Rue Pictet, L-2338 Luxembourg Grand and at Heron House, 19 Marylebone Road, London NW1 5JL.

All holders of Common Shares are entitled to attend, speak and vote at the meeting. Holders of Common Shares are entitled to one vote per share.

A person entitled to attend, speak or vote at the meeting may appoint one or more proxies to do so on his behalf. A proxy need not be a shareholder of the Company. Proxies must be filed with the Company or at the offices of the Registrar at least 48 hours prior to the meeting. Completion and return of the form of proxy does not preclude a shareholder from exercising his rights to attend, speak and vote at the meeting.

By order of the Board  
4th November, 1994

Note:

All the Common Shares issued pursuant to the schemes of arrangement in relation to the Company and certain of its subsidiaries ("the Schemes") which were implemented on 24th September, 1993, are currently held in the form of temporary global bearer shares. This note sets out the action a person entitled to Common Shares currently held in temporary global bearer form should take in order to direct the holder of the relevant temporary global bearer share how to vote in respect of this entitlement:

- if you hold your entitlement to Common Shares through Euroclear or Cedel (each "a Custodian") and you do not come within paragraphs (B) or (C) below you should give voting instructions through Euroclear or Cedel;
- if you present or have presented bonds issued by Heron International Finance B.V. prior to 24th September, 1993 ("Old Bonds") to a paying agent in respect of the issues (the "Former Paying Agent") you may give your voting instructions in respect of your entitlement to Common Shares to that Former Paying Agent who should pass voting instructions to the principal paying agent in respect of such entitlements to Common Shares; and
- if you were a General Creditor with an Admitted Liability on the Implementation Date (as each of those terms is defined in the Schemes) other than in your capacity as a Bondholder and you have neither given instructions for your entitlement to Common Shares to be credited to a securities account nor sold your entitlement to such Common Shares you should give your voting instructions in respect of your entitlement to Common Shares to UBS Limited, 100 Liverpool Street, London EC2M 2RH, reference DSET/SIL on fax number (44) 71 901 0908.

## Horsham lifted by gain from Barrick share deal

By Bernard Simon in Toronto

Third-quarter earnings at Horsham, the Canadian investment holding company, controlled by Mr Peter Munk, were lifted by a large one-time accounting gain stemming from an issue of shares by American Barrick, the gold producer controlled by Horsham, when it acquired Lac Minerals.

The third-quarter gain reduced the difference between the price at which Barrick shares were issued to former

Lac shareholders, and the lower value at which Horsham carries Barrick on its books.

Net earnings, including the US\$136m gain, were US\$164.2m, or \$1.42 a share, up from \$15.7m, or 15 cents, a year earlier. Earnings were 15 cents a share without the gain. Revenues climbed to \$997.9m from \$552m.

Horsham's horizons have broadened with its purchase of a 47 per cent stake in Trizec, the Calgary-based property developer and American Barrick's acquisition of Lac.

## Report casts doubt on control of markets

By Richard Lapper

As the international capital market becomes more integrated it is becoming impossible for even the biggest governments to control their own financial markets, claims a report by the McKinsey Global Institute, published today.

"Market forces are proving to be irresistible," says the report produced over the last year by McKinsey's financial institutions group.

It says that "the challenge for policymakers, whether or not they like the growing power of the global capital market, is to learn to work with the market rather than resist or control it."

It warns that failure to tackle fiscal problems by a number of developed countries could result in "unsustainable levels of indebtedness."

The report highlights four driving forces behind globalisation of markets: liberalisation of regulation; the increased quality and availability of information and infrastructure (and the ease with which technology can be transferred worldwide); the securitisation of the flow of funds; and the growing use of derivatives.

It says that the size of the market tripled between 1980 and 1992, reaching an estimated \$35,000bn in 1992.

It could reach \$53,000bn in real terms by the end of the decade, an amount equivalent to three times the size of the gross domestic product of the developed countries and 19 times the size of their exports.

The report predicts that market rather than government activity will determine prices in all main markets, with a global approach to the relationship between risk and return extending beyond bonds into equities.

The internationalisation of the commodity and bond markets which began in the 1970s and 1980s has already begun in the equity markets, evidenced by the recent rise in international issuance.

The report is optimistic about the developed world's capacity to generate savings, which it expects to increase sharply over the next two decades as a result of demographic factors. These resources can be channelled to the investment opportunities offered by the developing world, but only if governments adopt the right policies. Globalisation will bring more "benefit than harm" only if policymakers can adjust to a global framework.

The Global Capital Market: Supply, Demand, Pricing and Allocation. McKinsey Global Institute.

## Revenues increase 20% at United Healthcare

By Richard Waters

United Healthcare, one of the leading US managed care groups, recorded a 20 per cent rise in revenues in the three months to the end of September as enrolment in its health plans continued to grow strongly.

The Minneapolis-based group said that enrolment was up 19 per cent from a year earlier, at 2.1m, while revenues grew to \$966m. The company restated year-ago figures to reflect acquisitions made in the meantime.

The company operates health maintenance organisations, preferred provider organisations and other health plans, which have grown rapidly in popularity among com-

panies looking to hold down the cost of healthcare for their employees.

In spite of the rapid growth in enrolment over the past year, United Healthcare said the costs of providing medical care had risen less rapidly than its income. Medical costs in the latest period equalled 79.4 per cent of its premium income, down from 82.1 per cent a year before.

Net income for the third quarter rose to \$80.8m, or 46 cents a share, from \$54.8m, or 32 cents, the year before, in line with market expectations.

Earlier this year, United reported a \$1.4bn profit from the sale of a subsidiary, Diversified Pharmaceutical Services, to SmithKline Beecham.

## Moore reverses three-year sales slide in quarter

By Robert Gibbons in Montreal

New strategies, restructuring and changes at the top have reversed a three-year slide in sales at Moore, the Toronto-based international business forms and information services group.

Third-quarter net profit was US\$30.5m, or 31 cents a share, on sales of \$584m, against US\$15.5m, or 17 cents, on sales of \$568m a year earlier.

Moore has changed its traditional forms operations towards electronic-based systems, direct mail and labelling. It has eliminated 1,500 jobs worldwide.

Nine-month net profit was US\$82.2m, or 83 cents a share, against US\$60.6m, or 61 cents.



The Board of Management and the Supervisory Council of Akzo Nobel N.V. - formerly Akzo N.V. - have decided to distribute for the fiscal year 1994 an interim dividend of NLG 1.50 per common share of NLG 20.

As from November 14, 1994, the above dividend of NLG 1.50 per common share, less 25% withholding tax, will be payable against surrender of coupon No. 43.

Paying agents in the United Kingdom: Barclays Global Securities Services, 8 Angel Court, Throgmorton Street, London EC2R 7HT and Midland Securities Service, Paying Agency Section, 5th Floor, Mariner House, Peppys Street, London EC3N 4DA.

U.K. Residents: Dividends so payable for U.K. residents will be paid less 15% withholding tax, and

U.K. income tax will be deducted from the gross dividend.

Residents of other countries: For residents of countries other than the United Kingdom with which the Netherlands has concluded a Convention for the Avoidance of Double Taxation, the rate of withholding tax (if any) will be adjusted upon presentation by the authorized depository of the necessary documents (Form 92, etc.). Where no such form is submitted, withholding tax will be deducted at the rate of 25%. U.K. tax at the standard rate will be deducted, unless claims are accompanied by the appropriate affidavit forms.

Information concerning any of the above-mentioned documents may be obtained from Barclays Global Securities Services and Midland Securities Service.

Amsterdam, November 3, 1994

Akzo Nobel N.V., the Netherlands



# Thailand aims to set up futures exchange

By Peter Montagnon and Victor Mallet in Bangkok

Thailand's Securities and Exchange Commission wants to see a financial futures exchange established in Bangkok to complement the development of domestic equity and debt markets, a senior official said.

Mr Prasarn Trairatvorakul, deputy secretary-general, said a report commissioned by the SEC from the US consultants Powers Research recommended the introduction of derivatives as a means of aiding capital formation, improving efficiency in the allocation of

savings and strengthening the financial system.

Legislation has been drafted and is being studied by US regulatory authorities and the International Finance Corporation, the private-sector arm of the World Bank, he said. The hard task now was to convince the government against a backdrop of international concern over the use of derivatives and the losses incurred in this area by large companies such as Procter and Gamble.

While brokers expect the exchange to be set up within a couple of years, they say an awkward precondition, which is flagged in the consultants' report, is the

need for the government to legitimise short-selling of equities in the cash market. At present this is banned as part of official efforts to prevent artificial manipulation of prices.

Unless the government goes ahead, however, derivative markets for Thai financial instruments will simply be established offshore. Indeed, brokers are already working on such products.

The report said a stock index contract should be the first product developed, followed by a short-term interest rate contract and foreign exchange contracts for the D-Mark and yen against the baht.

A long-term bond contract should only be introduced after the cash market is more fully established, it said.

Mr Prasarn said that the futures market would enable institutions to hedge their positions, adding depth to the cash markets.

The consultants' report called, however, for a strong self-regulatory approach, coupled with "a broad and robust training and educational programme" for all participants. It would help the exchange if its products were declared eligible investments by regulators abroad, especially in the US and Europe, it said.

## Komatsu steps up its foreign shopping spree

The Japanese group is increasing its imports of components, writes Andrew Baxter

It may be unpalatable for many Japanese manufacturers to import components, but such a move has become increasingly attractive because of the strong yen and relatively high labour costs at home.

Ending a relationship with a domestic supplier can be "difficult to handle," says Mr Kazuhiro Aoyagi, president of Komatsu Europe International, the Brussels-based European co-ordination centre for Japan's largest construction equipment group.

But in spite of such difficulties Mr Aoyagi believes that it is inevitable that the purchase of foreign components will increase. Komatsu is well placed to spread its net wide. He notes that Komatsu imported ¥7.4bn (\$77m) of parts in Japan last year, accounting for 3.4 per cent of its total procurement for construction equipment. In the current financial year, this will rise to 4.55 per cent.

The targets for 1995 and 1996 are 8 per cent and 10.7 per cent, respectively, he says. Komatsu is keen to bolster the competitiveness of its five domestic manufacturing plants for construction equipment and so protect its dominant position in the Japanese market and make it easier to export.

To achieve this, it aims to use the supply network set up as part of its global expansion over the past two decades. That network has already been used to good effect.

The group's foreign plants have been given considerable



Excavators being assembled at Komatsu UK's plant in Birtley

flexibility to make their own arrangements for parts, since only vital components are produced according to Komatsu drawings.

Furthermore, local content agreements have obliged the company to develop links with parts suppliers in Europe, the Americas and Asia. At Komatsu UK in Birtley, north-east England, between 70 per cent and 80 per cent of each excavator is sourced "locally", that is in the UK or continental Europe.

In the past two years, Komatsu has been increasingly importing into Japan parts made by or for its foreign manufacturing plants. This began in 1983 with imports of cast steel parts from Komatsu do

Brasil. Four years later, Korea's Samsung Heavy Industries began shipping cast steel parts to Komatsu - using manufacturing facilities it had bought from Komatsu's Osaka plant.

In 1990, new plants were set up in Indonesia enabling Komatsu to import casting and fabricated components from Komatsu Indonesia, while a joint venture two years later with Hokuriku United Forging Industry in Indonesia saw the beginning of imports of forgings for undercarriages. The aim of these initiatives was to take advantage of lower costs in Japan's neighbouring countries, says Mr Aoyagi.

Also in 1992, undercarriage parts from Berco of Italy

became the first European components to be imported to Komatsu in Japan. Berco had been supplying replacement parts for Komatsu's European distribution network.

This year, the Japanese factories began taking seats and floor mats from Kab and T-Mat, two UK companies which supply the Birtley plant, and started importing hydraulic hoses from Gales in the US, a supplier to Komatsu Dresser, a US unit.

Imports of sheet metal and fabricated parts from China will double next year, says Mr Aoyagi, and there will be a big increase of parts from Cummins Engine of the US to produce its engines in Japan - an important element of the two companies' business alliance announced last year.

For its Japanese plants, Komatsu will mainly source castings and fabrications from Asian countries because of their low labour and transportation costs, and the relatively lower production technology needed. More sophisticated machined components will be sourced mainly from the US and Europe. Mr Aoyagi says that one possibility would be to export wheeled-loader transmissions and axles produced by its Hanomag subsidiary in Germany to Japan and the US.

Direct export of parts from eastern Europe to Japan is unlikely because of high transport costs. However, Komatsu would benefit indirectly from eastern Europe's low labour rates because of the network of suppliers Hanomag has developed in countries such as Hun-

gary and the Czech Republic.

The procurement initiative is an important element in Komatsu's broad globalisation policy, which involves producing machines and sourcing components where it makes best sense to do so, while minimising new investment in manufacturing facilities.

Inevitably, this has meant that complete machines - articulated dumptrucks from Norway and big all-terrain cranes from Germany - are being imported to Japan.

Production of other models has been switched from Japan to plants in their main markets, from which they can be exported worldwide. In the most recent changes, announced last year, production of big dozer-tractors and wheeled loaders has moved to the US, and that of small crawler-tractors to Brazil to serve the US and South American market. Making big excavators (over 30 tonnes) at Birtley is also under review.

The result is that Komatsu's highly capital-intensive Japanese plants accounted for only 8.4 per cent of its global construction equipment sales last year, down from 9.9 per cent a decade ago.

Komatsu will not say how much money it is saving by importing components to Japan. Mr Aoyagi says in each case it takes three to four years to calculate the benefits. But doubtlessly it will expect to reduce the cost of the component by increasing the volume - wherever it does its shopping.

### NEWS DIGEST

## Norway shipowner wins full control of Wilhelmsen Lines

Wilhelm Wilhelmsen

Share price (NOK)

180  
160  
140  
120  
100  
80  
60

1993 94

Source: FT Graphix

trade as its core business," said Mr Leif Terje Lodgesol, chief executive.

The two Finnish sellers, which each disposed of a 15 per cent stake in the company, are Hollmings Oy Shipping and Wicoria Oy.

The terms of the deal call for the Norwegian shipowner to pay \$41.5m in cash for 80 per cent of Wilhelmsen Lines, and gives the sellers an option from January to March next year to each acquire 275,000 class B Wilhelmsen shares. Should the option not be taken up by March 31, Wilhelmsen Lines will complete the transaction by remitting the outstanding \$5.3m in cash to Hollmings and Wicoria.

Wilhelmsen Lines operates 14 vessels and has subsidiaries throughout the world. In 1993 operating profit was Nkr224m (US\$34.5m) on revenue of Nkr2.7bn.

## Aon Corp plans to buy Lloyd's brokerage

Aon Corporation, the US insurance group, yesterday announced plans to acquire Jenner Fenton Slade, a privately-held Lloyd's brokerage company, writes Ralph Atkins, Insurance Correspondent.

The cost of the transaction, which is expected to be completed later this month, was not revealed.

Mr Patrick Ryan, chairman of Aon, said Jenner Fenton Slade's expertise in placing coverage for companies in the energy and petrochemical industries was "strategically very important" for his group.

In 1993, Jenner Fenton Slade reported pre-tax profits of \$6.3m (\$9.95m) on turnover of \$23.2m.

## Peugeot sales up 14.2% after nine months

Peugeot Citroën, the French carmaker, reported group turnover up 14.2 per cent to FF121.7bn (\$23.8bn) in the nine months to September 30, compared with the same period last year, reports Andrew Jack in Paris.

The increase came in spite of a slower rise in

demand for cars in western Europe during the third quarter - up 3.3 per cent compared with 5.7 per cent in the first quarter.

Outside this region, there was a third-quarter increase of 6.4 per cent, or 59,750 vehicles. This was in spite of problems with finance in China and Iran, although there was progressive growth in regions such as Latin America and Asia.

Total vehicle sales in the third quarter rose by 10 per cent, boosting the total figure for the first three quarters to 1.46m.

In addition, the group reported a 37 per cent increase in its mechanical and servicing activities to FF75.5bn for the first nine months.

## Email and Indonesian group in joint venture

Email, the Australian white goods and industrial products company, said yesterday that it was setting up a joint venture with three shareholders of Indonesia's Agro Manunggal group, which owns PT Budidharma, writes Nikki Tait in Sydney.

Budidharma is a large distributor of steel mini-mill products in Indonesia, and this represents Email's first move into the region.

The joint venture company, which will be 60 per cent-owned by Email's Bissalloy subsidiary and 40 per cent by the Indonesian partners, aims to develop a market in Indonesia for quenched and tempered steel.

This higher-strength steel plate could be used in the construction, defence and heavy mining equipment manufacturing markets.

Initially, the product will be imported from Bissalloy and the joint venture company will act as a distributor.

However, Mr John Hanna, Email's managing director, said the plan was to set up local manufacturing operations once sales of the product had built up.

He forecast that this could happen within two to three years.

## Canadian cement maker bounces back to black

St Lawrence Cement, eastern Canada's biggest cement producer, bounced back to profitability in the first nine months on increased volumes and higher prices, writes Robert Gibbons in Montreal. Overheads were kept stable.

Net profit was C\$8m (US\$6m), or 17 cents a share, against a loss of C\$9.5m, or 24 cents, a year earlier, on sales of C\$401m, up 10.4 per cent.

Third-quarter profit was C\$13m, or 29 cents, against C\$4m, or 8 cents, on sales of C\$197m, up 13.5 per cent.

St Lawrence recently sold its investment in Philip Environmental, a fast-growing Ontario industrial waste management firm, for C\$34m and a cement terminal and aggregate reserves. Debt has been reduced by 15 per cent.

The company, controlled by the Swiss Holderbank group, has five cement plants in Canada and the north-eastern US, as well as a large construction business in Ontario.

### Swiss Re

#### Results 1993

Swiss Re Group	In millions of Swiss francs	
	1993	1992
Premium income	Gross 23,749	21,925
	Net 22,458	20,570
Life insurance in force	Net 341,464	332,476
Underwriting results		
Non-Life insurance	-1,034	-1,117
Life insurance	144	130
Other income and outgo		
Investment and other financial income	2,101	2,062
Other income and outgo, including taxes	- 813	- 745
Consolidated net profit	325	281
Consolidated net profit per share	CHF 24.-	23.-
Total investments	57,470	51,371
Technical reserves	49,928	46,180
Group capital funds shown	4,857	3,945

Swiss Re, Zurich  
Dividend per share CHF 10.50<sup>1</sup> 9.80

<sup>1</sup> based on capital entitled to dividend  
<sup>2</sup> subject to the resolutions of the General Meeting

1993 Business Year  
The Swiss Re Group is able to look back on a successful business year.

- Consolidated gross premiums rose by 8.3% to CHF 23.7 billion.  
- Group profit advanced by 15.7% to CHF 325 million.

The board of directors will propose to the General Meeting that the dividend per share be raised from CHF 9.80 to CHF 10.50.

New Group Strategy  
The Swiss Re Group will sell its majority shareholdings in European insurance companies with effect from 1 January 1995.

- The Vereinigte Hagelbeurger, Munich/Hanover, the Lloyd Adriatico, Trieste, and the Elvia Group, Zurich, will be acquired by the Allianz Group.

- The Schweiz Seguros, Barcelona, the Schweiz Italia, Milan, and the Group La Equitativa, Madrid, are to be taken over by the Winterthur Group.

This move enables Swiss Re to concentrate its comprehensive resources on reinsurance business. The considerable funds of over CHF 5 billion arising from the divestiture will be used to strengthen the capital base and thus facilitate the expansion of reinsurance business.

The full 1993 annual report is available from

Swiss Reinsurance Company  
PO Box  
CH-8002 Zurich

### CARIPLO

US\$200,000,000

Floating rate depositary

receipts 1998 issued by

The Law Debenture Trust

Corporation plc evidencing

entitlement to payment of

principal and interest on

deposits with

Cariplo-cassa di Risparmio

Delle Provincie Lombarde

S.p.A., London Branch

Notice is hereby given that the

receipts will bear interest at

6.0625% per annum from

4 November 1994 to 6 February

1995. Interest payable on 6

February 1995 will amount to

US\$158.30 per US\$10,000 and

US\$1,582.30 per US\$100,000

receipts.

Agent: Morgan Guaranty

Trust Company

JPMorgan

LKB Baden-Württemberg

Finance N.V.

US\$1,000,000,000

Guaranteed floating rate

notes due 1998

Notice is hereby given that the

notes will bear interest at

5.875% per annum from

4 November 1994 to 4 May

1995. Interest payable on

4 May 1995 will amount to

US\$25.34 per US\$1,000 note

and US\$253.38 per US\$10,000

note and US\$2,533.82 per

US\$100,000 note.

Agent: Morgan Guaranty

Trust Company

JPMorgan

### FLEMING FLAGSHIP FUND

Societas d'Investissement  
45 rue des Seilles, L-2529 Howald  
Grand Duché de Luxembourg  
R.C. Luxembourg No. B9478

The shareholders of FLEMING FLAGSHIP FUND are hereby convened to an

EXTRAORDINARY GENERAL MEETING

to be held on Wednesday 16 November 1994 at 14.15 hours at the European Bank & Finance Centre, 4, rue de la Loi, L-2253 Luxembourg with the following agenda:

1. To amend Article 4, first paragraph of the Articles of Incorporation and to delete the reference to "Luxembourg City".

2. To change the registered office from "45, rue des Seilles, L-2529 Howald", to "European Bank & Finance Centre, 4, rue de la Loi, L-2253 Luxembourg".

3. To change Article 16, third paragraph, (b) of the Articles of Incorporation, to delete the words "including South Africa".

4. To complete Article 21 of the Articles of Incorporation.

Decisions on the agenda require a 50% quorum of presence of the shares present or represented.

In order to be entitled to attend the meeting, holders of bearer shares must deposit their bearer share certificates five days prior to the meeting with the following instructions:

Investment: S.A. Luxembourg, 45, boulevard Royal  
Grand Duché de Luxembourg  
as Chief Depositary

Shareholders who cannot personally attend the meeting are requested to use the prescribed form of proxy and return it at least 7 working days prior to the date of the Extraordinary Shareholders' meeting to the Corporation, c/o Fleming Fund Management (Luxembourg)

By Order of the Board of Directors  
Hans C. Kelly, Secretary

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September 1994





Tiny Rowland goes quietly from the helm of Lorrho after 33 years of unashamed controversy and a famous series of fights

## A maverick who thumbed his nose at respectability and establishment

John Plender and David Wighton chart a career which led from Paddington station to an international business turning over more than £5bn

After 33 years' fighting opponents inside and outside Lorrho it always seemed unlikely that Mr Tiny Rowland would go quietly.

However maintaining his reputation for unpredictability to the last, he appears finally to have agreed to do just that.

He once said that the last thing he wanted was for Lorrho to be respectable but he has at last succumbed to the forces that want to make it so. Born Roland Walter Fuhrhop, of a German father and Anglo-Dutch mother, Mr Rowland is a natural outsider and maverick. He has never been accepted by the UK business or political establishment and seemed to enjoy his controversial reputation.

In 1973 when Edward Heath, then Prime Minister, famously described him as "the unacceptable face of capitalism" he replied that he would not want to be the acceptable face.

Educated first in Germany, then briefly in England, he was detained on the Isle of Man during second world war, when he was suspected of Nazi sympathies. His experiences after the war, which included compulsory employment as a porter at Paddington station in London, as well as business ventures in which he fell foul of the Inland Revenue, were not designed to endear him to his adopted country.

In his early thirties Africa provided an opportunity for a new start. Yet, here too, he met with a mixed reception. When he acquired effective control of Lorrho in 1961, he did so in the face of considerable hostility from the Rhodesian establishment.

Just over ten years later came the notorious boardroom power struggle, which caused

the outburst from Mr Heath, in which Sir Basil Smallpiece and a group of directors known as the "straight eight" sought without success to unseat him from executive office.

The pretext was Mr Rowland's failure to reveal to his board the granting of options to Mr Alan Ballo, the chair-

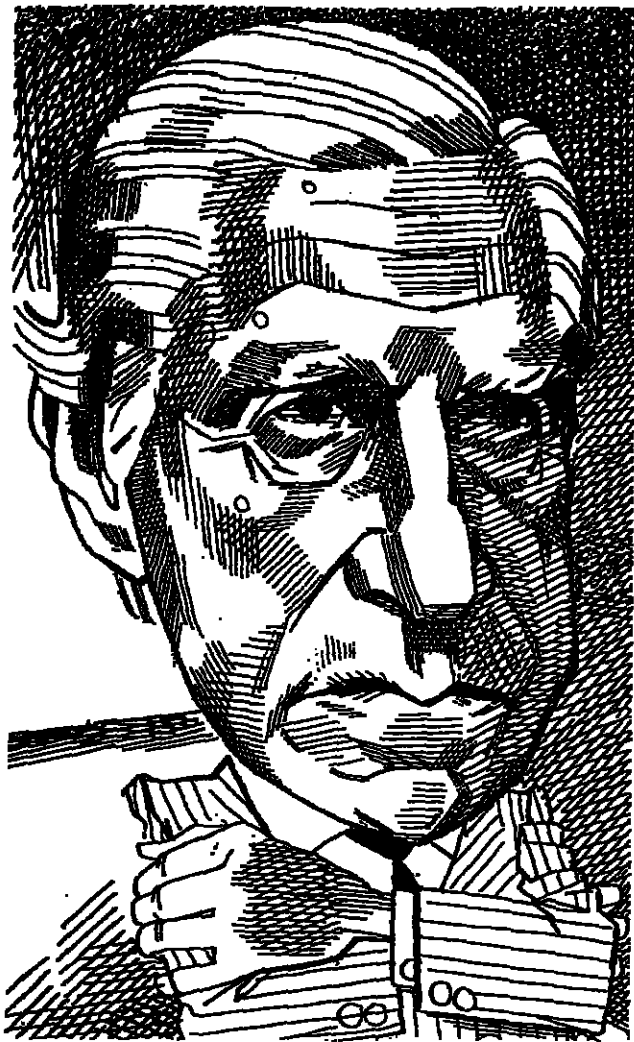
During the 1980s Mr Rowland became increasingly distracted by an obsessive and ruthless pursuit of those he perceived to be his enemies

man, and Mr Angus Ogilvy, executive director and husband of Princess Alexandra. Mr Ogilvy had been instrumental in introducing Rowland to Lorrho. Part of the effect of the granting of options was to reduce the two men's ability to act independently of Mr Rowland. While Mr Rowland ultimately won the vicious battle for control with the support of small shareholders, he lost Mr Ogilvy, who resigned from the board. He also alienated most of the City and the wider British establishment.

He has never been squeamish about upsetting public opinion either. Most recently, he sold a stake in Lorrho's hotel chain to the Libyan government which was subject to United Nations sanctions following the Lockerbie bombing.

In an article in The Observer, then owned by Lorrho, he declared that he hoped to give "a lot of enjoyable annoyance to everybody".

During the 1980s Rowland



became increasingly distracted by an obsessive and ruthless pursuit of those he perceived to be his enemies. When Mr Alan Bond had the temerity to plan a takeover bid for Lorrho, Mr Rowland ruthlessly exposed the Australian entrepreneur's shaky finances.

However Mr Rowland's main adversary was the Egyptian-born Mr Mohamed Fayed, a former director of Lorrho, who with his two brothers had acquired in the mid-1980s the House of Fraser stores group, owner of Harrods, which Mr Rowland had long coveted.

In 1977, Mr Rowland first drew up a plan to take over

House of Fraser. Four years later he made a £236m bid which was blocked by the Monopolies and Mergers Commission on the grounds that it was against the public interest.

In 1984 Lorrho sold its Fraser shares to the Fayed brothers who Lorrho believed were "neither qualified nor capable" of bidding for the whole. However they gained control with a £815m bid which became the subject of a highly critical Department of Trade and Industry report and prompted years of legal wrangling.

In the vendetta against the Fayed brothers Lorrho's cash was shamelessly diverted to

the cause weakening finances already stretched by years of acquisitions. Mr Rowland built Lorrho from a turnover of £4m in 1961 to a group with sales of more than £5bn and profits at their peak of £272m.

Yet from the shareholders' point of view the lucrative period was chiefly confined to the 1960s. This was despite the disadvantage of a heavy concentration of mining assets in Southern Rhodesia at the time of Ian Smith's Unilateral Declaration of Independence.

Mr Rowland attracted a strong following of loyal private shareholders with whom he kept sweet by paying, what were to turn out to be, unsustainably high dividends. When he was finally forced to cut the dividend last year he may have sown the seeds of his eventual departure.

In a characteristically capricious move Mr Rowland suddenly made peace with Mr Fayed a year ago. By then Mr Rowland was also fighting an internal battle with Mr Dieter Bock.

A little known German property dealer, Mr Bock was brought into Lorrho by Mr Rowland as his apparent, but relations quickly turned sour. Before long Mr Rowland was attacking Mr Bock in public. Last October he said: "I'm still waiting for some performance from him. So far he hasn't delivered a stroke of business. Frankly, he hasn't a clue."

Mr Rowland also questioned the financial backing which enabled Mr Bock to acquire his 15.5 per cent stake in the company. But in the end Mr Rowland was outmanoeuvred.

One of the most flattering verdicts on Mr Rowland was delivered in the first and most weighty of the Department of Trade's successive reports on Lorrho. According to the DTI inspectors he was a man who had "vision, negotiating ability, determination and personality in unusual measure with unbounded energy to apply his talents".

Although, at 78, that energy is still all too evident he will soon have to now have to find new uses for it.



Tiny Rowland smiling in defeat after Lorrho failed in its attempt to take over the House of Fraser - then chaired by Sir Hugh Fraser



More short-lived smiles over Harrods: making peace with Mohamed Fayed in the London store's food hall



Heading for the exit, shadowed by Dieter Bock



## Out of Africa and into battle

Nov 27 1917: Born Roland Walter Fuhrhop, in India; educated at Churchers public school, Petersfield.  
1948: Left for Africa.  
1961: Invited to run London & Rhodesian Mining & Land Company, became Lorrho.  
1973: Described by Edward Heath as "the unacceptable face of capitalism".  
1978: Boardroom revolt; Rowland dismissed via High Court, becomes sole MD.  
1977-78: Lorrho builds 29.9 per

cent stake in House of Fraser.  
1981: Lorrho's £226m bid for HoF blocked by MMC.  
1984: Lorrho sells its stake to the Fayed brothers, but buys new stake of 6.3 per cent.  
1985: Fayed's bid £615m for HoF.  
1987-88: DTI inspectors investigate takeover, report passed to Serious Fraud Office.  
1990: DTI publishes highly critical report, which forms basis for Lorrho's legal attacks.

1991-92: Bank of England strips Fayed of control of Harrods Bank/Takeover Panel censures Fayed brothers.  
1993: Fayed's float HoF stores, but not Harrods.  
Jan 1993: Dieter Bock becomes Lorrho's biggest shareholder.  
Feb 1993: Bock appointed joint chief executive.  
Oct 1993: Non-executive directors appointed.  
Sep 1994: Rowland wins fight to stay as Lorrho joint CEO.  
Nov 1994: Rowland resigns.

## Kwik Save 'comfortable' with £135.6m at year-end

By Paul Taylor

Kwik Save, the UK's biggest discount grocery retailer, reported a better than expected 7.5 per cent increase in full-year pre-tax profits despite the supermarket price war.

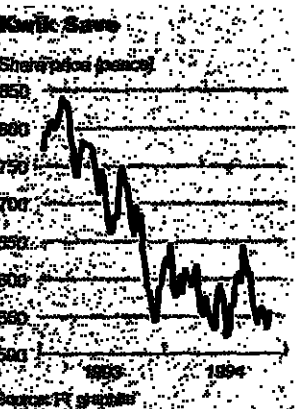
However the group, which also announced the planned acquisition of Shoprite's mainly Scottish stores, acknowledged lower like-for-like sales in the first eight weeks of the current year.

Pre-tax profits for the 52 weeks to August 27 increased to £135.6m, compared with £126.3m last time, on turnover that grew 5.7 per cent to £3,020m (£2,965m).

Mr Graeme Bowler, Kwik Save's chief executive, said the group had continued to make steady progress "in a period when the UK food retailing industry experienced the most competitive trading conditions for many years".

Mr Bowler brushed aside concerns that Kwik Save faces growing competition from the limited range price discounters on one side and the superstore chains on the other. "It is this being squeezed," he said, "that I am comfortable with it."

The growth in full-year sales mainly reflected the opening of 70 new stores during the year, taking the total to 861. Vol-



umes rose just 1.3 per cent but the combined effects of lower grocery prices and customers trading down meant net like-for-like sales fell 0.3 per cent.

Highlighting the continued difficult trading conditions, Mr Derek Pretty, finance director, said that in the eight weeks following August 27 total sales rose by just 2 per cent.

Like-for-like volumes, including the effects of trading down, were 2 per cent lower. This, together with selling price deflation of over 3 per cent, meant the like-for-like sales value was down by more than 5 per cent.

Even so, Mr Bowler insisted that "underlying volumes are pretty solid".

For the full year gross margins improved by 0.1 per cent, mainly reflecting a better margin mix and improved buying-in prices. Gross operating profits increased 7.3 per cent to £135.6m (£126.3m), despite a 25 per cent increase in depreciation charges to £38.6m, which reflected the introduction of a provision for depreciation on freehold and leasehold property.

Rental income from concessions within Kwik Save stores selling fresh foods increased by 15.6 per cent to £23.7m, while net interest costs were little changed at £100,000 (£200,000).

Group capital expenditure for the year was £109.3m (£108.2m). New store development continuing to account for the bulk of this spending and is projected to rise to £115m this year. Despite competitive trading conditions, Mr Bowler said the group would continue its aggressive store-opening programme, with the target of adding another 80 stores this year.

Earnings per share increased 3.3 per cent to 57.25p (£5.49p), held back by a higher effective tax charge which increased from 32.1 to 34.7 per cent. The recommended final dividend is 13.85p (£1.25p), bringing the total for the year to 19.25p (£1.83p), up 5.2 per cent.

## MMC to investigate Stagecoach shares swap

By James Buxton, Scottish Correspondent

The Department of Trade and Industry yesterday ordered the Monopolies and Mergers Commission to investigate the taking of a 20 per cent stake by Stagecoach Holdings, Britain's biggest bus operator, in Sheffield Mainline Partnership bus company.

It said Mr Jonathan Evans, the corporate affairs minister, considered the acquisition raised competition concerns about the bus market in parts of South Yorkshire, Derbyshire and Nottinghamshire.

Stagecoach agreed in July to swap shares with Sheffield Mainline Partnership, which was established last November through an employee buy-out from local authorities in South Yorkshire. The deal with Stagecoach, worth about £1m, involved the exchange of 20 per cent of Mainline's enlarged equity for 500,000 Stagecoach shares.

At the time Stagecoach described it as a form of consortium: if the relationship worked out, Stagecoach would eventually seek full control.

An industry analyst interpreted the DTI's action as a signal to Stagecoach that it wants it to halt its acquisitions of bus companies. It now controls 11.5 per cent of the UK bus market.

However, Mr Derek Scott, Stagecoach's finance director, said he saw the MMC reference as concerned purely with Mainline's area of operations.

He said the 20 per cent stake was intended to protect Mainline against other predators. "It's an important development for the industry and we want to get the principle of what we are doing established. We hope the MMC will say we are acting in the public interest." The MMC will report in February.

This will be the fourth MMC inquiry into Stagecoach's activities since it was set up in 1980. The Office of Fair Trading has also carried out 18 other investigations into Stagecoach subsidiaries.

Last week Mr Brian Wilson, Labour's industry spokesman, wrote to the DTI demanding an inquiry into Stagecoach's allegedly anti-competitive practices.

## Sale is likely drugs prescription

Tim Burt considers Boots' plans for its pharmaceuticals side

Boots, the retailing and pharmaceuticals group, is likely to face tough questions next week on its strategy from an unexpected quarter - its own managers.

Senior staff from the pharmaceuticals division will meet head office executives ostensibly to review the company's first-half performance. But the year-long review of the drugs business is likely to overshadow the proceedings.

Managers conducting the review, prompted by the withdrawal last year of the heart drug Manoplax at a cost of almost £40m, have considered selling the business, launching a joint venture or retaining it as a radically restructured form.

While reluctant to indicate the group's favoured option, Mr Gordon Solway, managing director of Boots Pharmaceuticals, warned yesterday that job losses were inevitable.

"Whatever happens, there are bound to be redundancies in research and development in Nottingham."

In what may be seen as a blow to the city, he added that Boots had not asked potential bidders to maintain a presence in the East Midlands as a condition of any acquisition.

Of the possible options, a disposal has looked increasingly likely in recent months following the group's decision to

### BOOTS PHARMACEUTICALS Half-Year Sales

	£m
Prescription	
Buten/dipropion - anti-inflammatory	37.7
Froben/kurpropion anti-inflammatory	18.4
Prothiaden/doliphen anti-depressant	9.2
Synthroid (£117.0) - Thyroid replacement	78.2
Total	143.5
Other products	77.9
SAC	6.2
Total	227.6
	1994 1993
Licence income total	2m 2m
Research and Development	20 13.6
	35.1 34.4

\* Includes Ebselen (France) at £14.7m

issue a sales memorandum and hire Credit Suisse First Boston as financial advisers.

A number of companies have been linked with the division, which offers laboratory and sales expertise in the UK and a marketing and distribution network in North America, the world's largest pharmaceuticals market.

Zeneca, Britain's third largest drugs group, is thought to have examined the business, but was put off by the asking price, Medeva has also ruled itself out, leaving analysts' attention focused on continental European bidders.

They have identified three possible suitors: Knoll, part of the German BASF; Menarini of Italy; and Astra, the Swedish pharmaceuticals group.

Yesterday, however, Astra denied having any interest while its German and Italian rivals refused to comment.

Nevertheless, a consensus has emerged among City analysts on Boots' long-term intentions. Their scenario envisages the pharmaceuticals business being sold for more than £700m, greatly strengthening the group's cash resources.

Profits on the disposal could help fund a share buy-back, which would reassure investors frustrated by the dilutive effect of the £900m Ward White acquisition in 1989.

Analysts suggest the company might then feel confident enough to acquire an over-the-counter drugs business in continental Europe, preferably in Germany, for about £500m.

Mr Solway said although no decisions had been reached, senior managers in the pharmaceuticals division were under no illusions about the review process.

"They recognise that their prospects are better if we were to change hands and become part of a major pharmaceuticals player."

He denied, however, that the uncertainty over the division had harmed its performance. Buoyant demand for Synthroid, the treatment for thyroid deficiency, helped lift the division's profits by 71 per cent from £29.3m to £49.5m.

Research spending has also been maintained and sales have risen from £215.5m to £228.1m, although the second half is not expected to be so healthy because wholesalers stocked up in the first half.

Sir James Blyth, chief executive, welcomed the figures. But with most pharmaceuticals companies facing over-capacity in research and stringent regulatory hurdles for new drugs, he admitted there was no choice but to reassess the value of the division.

"We were not alone in having problems and there was no choice but to reconsider our future in pharmaceuticals. But I don't believe we have painted ourselves into a corner."

## £27m buy for Jarvis Porter

By Richard Wolfe

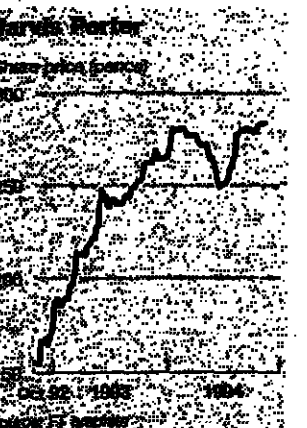
Jarvis Porter Group, the specialist label printer, yesterday announced a £27.2m acquisition alongside a 37 per cent increase in pre-tax profits in the six months to August 31.

Jarvis is to acquire Dompri, the Glasgow-based label printer which specialises in "intelligent" or bar-coded labels used in the computer and electronics industries.

The consideration will be £24.7m, of which £13.7m will be financed through a placing of 5.17m shares at 260p each with a 3-for-23 clawback, 25m through the issue of 1.88m shares to the vendors, and £6m in cash. The shares closed up 1p to 263p.

The cash will come from the company's own resources and existing banking facilities.

There will be a deferred balance of up to £2.5m comprising



£500,000 payable in cash on April 15 1995, £1m cash on August 15 1995, and up to £1m to be satisfied by the allotment of further ordinary shares to the Dompri Employee Trust. Jarvis, which supplies the spirits, toiletries and pharmaceuticals industries, reported

interim pre-tax profits of £4.6m (£3.42m).

Turnover rose 19 per cent to £33.4m (£28m), underpinned by a £4.15m contribution from three Dutch labelling companies acquired in May.

Group operating profits rose to £4.77m (£3.54m), including £836,000 from acquisitions. Margins on continuing operations rose slightly from 12.6 to 13.4 per cent.

Mr Richard Brewster, chief executive, said the group was increasing market share in the current period as its multinational customers reduced the number of smaller suppliers.

Cash flow had been strong. Mr Brewster said, and the group had ended the period with net cash funds of some £1m.

Earnings per share emerged at 8.9p (7p) and the board announced an interim dividend of 1.5p (1.05p).

## MMT up 45% to £2.5m and plans full quote

MMT Computing, the USM-quoted computer services company, lifted pre-tax profits 45 per cent from £1.73m to £2.51m in the year to August 31.

Mr Mike Tilbrook, chairman, said the result was helped by an easing of the tough trading conditions prevalent in the last few years. He said the group's policy of working primarily for blue chip and household name clients was the right one.

He added that MMT planned to move to a full quote "in the near future".

Turnover of continuing operations advanced to £10.9m (£7.06m) generating operating profits of £2.22m (£1.1m).

The final dividend is raised to 3.7p (£2.75p), making 5.2p (4p) for the year, payable from earnings of 13.1p (9p).

## Abbey National takes 9.9% stake in Irish Permanent

By Alison Smith

Abbey National, the mortgage lender and banking group, has taken a 9.9 per cent stake in Irish Permanent, the former building society which converted and floated last month, in a move set to strengthen ties between the two organisations.

Mr Peter Birch, Abbey chief executive, said he believed there was scope for co-operation between the two groups, perhaps in areas such as Treasury operations or shared use of cash dispenser networks.

Mr Roy Douglas, Irish Permanent chief executive, said the move by Abbey was a "vote of confidence". Welcoming the prospect of

co-operation in some areas, he said he saw few opportunities for this in terms of life insurance business: Abbey National owns Scottish Mutual, while in July Irish Permanent bought Prudential Life of Ireland for £30m cash.

Mr Birch said Abbey intended to maintain a long-term minority investment in Irish Permanent, and would keep its options open.

Irish legislation says that no organisation can have a stake of more than 10 per cent in a licensed bank without approval from the central bank; and that no one can own more than 15 per cent of a former building society for five years after conversion.

Abbey's stake in Irish Per-

manent, which has been built up over the past week, cost between £18m and £17m overall. On a per share basis the range was between 180p and 220p.

Irish Permanent was Ireland's largest society before its conversion. It is well-placed in the Irish retail financial market, but its cost/income ratio is the highest in the industry in Ireland.

Abbey's move comes against a background of increasing interest in the Irish banking sector. Both National Westminster Bank and National Australia Bank are known to be bidding for TSB Bank (which is not connected with the TSB group in the UK), which is currently state-owned.



## COMPANY NEWS: UK

Shares fall 5p on warning that profits will not meet expectations

## Robinson splits TransTec roles

By Andrew Bolger

Mr Geoffrey Robinson, the Labour MP who built up the specialist engineering group TransTec, has split his role as chairman and chief executive with a fellow multimillionaire.

The Birmingham-based group's new chief executive is Mr Richard Carr, 41, who last year received a £10m payment from Tomkins for identifying the UK conglomerate's acquisitions in the US.

Mr Robinson, MP for Coventry North West, will continue as non-executive chairman of TransTec, which has suffered recently from recession in the aerospace industry and deferred contracts.

TransTec's shares, which had nearly halved in value from February's peak of 105p, yesterday shed a further 5p to 51p after the group accompanied news of Mr Carr's appointment with a warning that full-year trading profits would be

lower than expected.

Mr Carr, who left Tomkins at the beginning of the year, will subscribe for one million new shares at 55p each. He will be granted options over further shares worth £1m at a price to be determined according to the rules of the executive share option schemes.

In addition, he has been granted further options over 500,000 shares, which may be exercised at a price of 140p within the next seven years. Half of these options may be exercised at 130p within the next six years.

Mr Robinson, who had been under pressure from institutional investors to split his roles, said yesterday he was delighted to have secured someone of Mr Carr's quality.

"His experience in running a wide range of industrial businesses under tight financial controls will be invaluable in improving the profitability of TransTec's existing businesses.



Geoffrey Robinson: delighted to secure new chief executive

In due course, his proven track record in acquisitions will enable the group to continue to grow as an international, industrial company."

Mr Carr's annual salary will be £160,000 on a one-year contract, with no additional

bonuses beyond the share options. He led Tomkins to US deals such as the 1988 purchase of Smith & Wesson, the hand gun maker, for \$112m (\$88m) and its purchase the following year of Murray Ohio, the bicycle manufacturer, for \$224m.

Mr Robinson, 56, owns a 16 per cent stake in TransTec worth \$5m at last night's close. Last year his total remuneration was \$285,000, including pension contributions.

He said yesterday that his new salary would be set by the remuneration committee, but would drop considerably to reflect his reduced role.

TransTec has made a series of acquisitions in recent years. As well as the aerospace industry, it supplies components to the automotive industry - particularly Ford. In the first six months of the year, the group's pre-tax profits slumped by 46 per cent to £3m on sales of \$94m.

## Daily Mail Trust buys cable arts channel

By Raymond Snoddy

The Daily Mail and General Trust yesterday expanded its interests in the new media with the acquisition of The Performance Channel, an arts channel distributed on cable television networks in the UK.

The purchase means that by the end of the month the publisher of the Daily Mail will own two cable TV channels. Channel One, a 24-hour a day television news channel will soon be launched, initially in London.

The acquisition of Performance, is part of a £50m investment to take DMGT into the electronic media.

Sir David English, chairman of Harroworth Broadcasting, a DMGT division, told a Media Week conference in Brighton yesterday: "We want to expand into TV. We want to have more channels."

Cable is an area where newspapers are free to expand without ownership restrictions. The cable industry is keen to have exclusive channels to differentiate itself from satellite television.

Performance broadcasts a mixture of music. It is available to more than 750,000 cable subscribers as part of the basic tier of channels and is a standby in profit.

At the conference Mr Eugene Connell, president of Nymex CableComs, the second largest cable operator in the UK, and chairman of the Cable Communications Association, forecast that cable would have more than 6m viewers in the UK by the turn of the century.

At the Royal Television Society on Wednesday evening, Mr Charles Allen, chief executive of Granada TV and LWT, promised that his company intended to find a way into the pay television market.

Although ITV would remain an important business, Mr Allen predicted that in ten years' time subscription revenues would dwarf both the BBC's licence fee and advertising revenues.

## Usborne £13.2m in the red and calls for £6m

By Deborah Hargreaves

Usborne, the grain trading and pig production group, reported pre-tax losses of £13.2m for the year to June 30 against profits of £1.6m in the previous 18 months following a change in the company's year-end.

The company's auditors qualified its accounts because of lack of information on the pig division's stock and fixed assets at the end of the year.

Usborne's chairman, Lord Parkinson, former cabinet minister, also announced a 4-for-3 rights issue to raise £6m towards paying down debt. The issue is fully underwritten by Thomson Investments, the engineering group, which has a 50.1 per cent stake in the company.

Mr John Aiken, finance director, said that the rights issue will enable Usborne to reduce its gearing levels to close to 50 per cent by June.

Poor trading conditions in the pig division were exacerbated by a loss of management control in pigs a year ago which left the company with insufficient records to provide the auditors with all the information they needed.

Mr Michael Adams, managing director, said: "We don't like the qualification of the results, but it's a reality. We now have every confidence in the new pig management."

Mr Adams is refocusing the company on its core business in grain trading where it made a profit of £963,000 (£2.92m) on turnover of £183m (£265m). He

is halving pig numbers to 9,000 to concentrate on a contract to provide the Malton Bacon factory with pigs which runs for another 5½ years.

"There are opportunities in the agribusiness sector which we want to take advantage of," Mr Adams said. The grain business will be expanded with more offices around the country and the company has agreed with Associated British Ports to import and handle fertiliser through a new facility at Southampton Docks.

Turnover amounted to £288m (£312m), with £206m (£186m) from continuing operations. Losses per share emerged at 16.16p against earnings of 2.05p.

The shares rose by ¼p yesterday to 6¼p.

## Euromoney at £24m and still on the acquisition trail

By Peter Pearce

Pre-tax profits at Euromoney Publications, the acquisitive information group 70 per cent owned by the Daily Mail and General Trust, advanced 38 per cent to £24m in the year to September 30.

The rise from £17.7m was struck on turnover up 67 per cent at £89.6m (£53.7m), to which acquisitions contributed £5m (£4.6m).

Mr Richard Ensor, managing director, said that as well as launching its own magazines Euromoney acquired them where possible. Euromoney magazine itself, he said, had its best year ever, with higher revenue from both subscriptions and advertisements. He attributed this result to a redesign, new writers and increased pagination, as well as to "commercial banks having a better time".

However, the group also acquired companies by degrees, Mr Ensor said. This involved buying a 20 to 25 per cent stake then gradually adding to that holding. He said he hoped the flow of acquisitions

would "continue at a reasonable rate", adding that the group was particularly interested in acquiring events and database businesses and cross-border business-to-business publishing.

The core international financial publishing side lifted profits to £11.7m (£9.54m), while the training arm saw an advance to £4.83m (£2.71m). This was helped by the merger of DC Gardner's banking and management training operations with Euromoney's own.

Profits from seminars and conferences jumped to £2.75m

(£262,000), although Mr Ensor warned that the rise was largely due to the elevation of AIC, the seminars business based in Australia, from an associate to a subsidiary. Euromoney now holds 75 per cent of AIC.

In May the group raised some £22m from the placing of 1.85m shares. Under stock exchange rules DMGT was prevented from any take-up and its stake was reduced from 74 to 70 per cent.

Earnings per share grew to 69.38p (£6.84p) and a final dividend of 29.5p lifts the total to 42.5p (38p).

## Seton expands medical products side

By Peter Pearce

On the day it revealed a 27 per cent rise in pre-tax profits, Seton Healthcare is spending £24.6m to strengthen its medical products division.

The expenditure is to be funded by a 1-for-3 rights issue at 285p to raise a net £28.5m. The balance will reduce borrowings from £15m to £11m and gearing from about 30 to about 50 per cent. The shares closed down 18p at 343p.

Seton is acquiring for £12.8m cash a basket of over-the-counter medical brands from Napp, a private company.

The brands include five for the treatment of head lice; Paramol, the first strong analgesic to be allowed to be sold OTC since Nurofen; J Collis Browne's, a range of anti-diarrhoeal treatments; and four other assorted brands.

Napp has warranted that its brands had operating profits of £1.5m (£1.4m) on sales of £3.6m (£3.2m) for the eight months to August 31.

For £5m cash, Seton is buying additional rights in perpetuity to the Betadine range of OTC infection control products. It already had the licence for the range on a royalties

agreement of 15 per cent for the first five years, jumping to 25 for the next five.

It is also acquiring for £5.8m cash, shares and loan notes, Brevet Hospital Products (UK), a maker of compression therapy products. In 1994 it made trading profits of £755,000 on sales of £2.43m.

Seton's pre-tax profits for the six months to August 31 grew to £4.08m (£3.18m) on turnover up 18 per cent to £26.3m (£22.2m), with the UK accounting for 51 per cent (77 per cent) of that figure.

Organic sales increased 11 per cent, with the balance of

the rise coming from three acquisitions for £9.75m.

The sports and leisure division made flat profits of £352,000 on turnover up at £3.35m (£2.55m).

Earnings per share rose to 8.9p (7.3p) and the interim dividend is lifted to 2.2p (1.9p).

## COMMENT

Seton has been quietly picking up UK OTC brands from the big boys, which are now concentrating on global brands. And it has proved - with the 1992 acquisition of Cupal - that it can absorb companies to its advantage. Its earnings record, at 17 per cent compound a year has been driven by acquisitions, but contains a healthy proportion of organic progress. In the current deal it has therefore stuck with what it knows: it has also pitched the rights price at a reasonable discount to make the decision easy for shareholders. Forecast pre-tax profits for the current year have been lifted to about £11m, giving earnings of 21p and a multiple of just over 16.

## Barr &amp; Wallace calls enfranchisement EGM

By Richard Wolfe

The board of Barr & Wallace Arnold Trust, the motor and leisure group whose voting shareholders are split by a family feud, yesterday issued details of proposals to enfranchise its non-voting A shares.

The board called an extraordinary general meeting for November 25 to consider its plans to end the company's two-tier share structure.

Ordinary voting shareholders would be compensated by a one-for-one scrip issue, while the non-voting shares, owned almost entirely by institutions, are enfranchised.

The proposals are opposed by Mr Nicholas and Mr Robert Barr, nephews of Mr Malcolm Barr, the company chairman.

The brothers, who speak for nearly 30 per cent of voting shares, have also called for an EGM to unseat Mr John Parker, chief executive, and Mr Brian Small, finance director.

They are also seeking their uncle's resignation and want to split the company's two divisions into stand-alone businesses. Ironically, enfranchisement was one of their own proposals.

Mr Malcolm Barr said: "The board feels it is essential that all shareholders have a vote on the very radical proposals from the other side. This is especially the case because the other side have said they support enfranchisement."

However, the board's proposal seems likely to fail as it requires 75 per cent of voting shares to proceed.

The brothers claim to have enlisted majority support among voting shareholders for their own proposals. Mr Nicholas Barr said: "Whilst we support enfranchisement in principle, we believe it should only be part of an overall strategy."

A circular on the rebel shareholders' EGM is expected to be published today.

## Credit Lyonnais recruits Nikko research team

Credit Lyonnais Securities has recruited a five-strong convertible bond and warrant sales team from Nikko Securities Europe as part of its effort to expand its active quantitative research facility.

Mr Michael Kerr-Dineen, chief executive of Credit Lyonnais Securities, said the company was seeking to distinguish itself in the highly competitive stockbroking market by developing unique quantitative products. "Institutions are becoming much more selective in their use of research."

Credit Lyonnais, which recently lost the creators of its key Value and Momentum stock selection model to Robert Fleming Group, said it had already filled those vacancies internally and was continuing on schedule.

Mr Kerr-Dineen has warned Fleming that he will take legal action if the team attempts to re-create the Value and Momentum model.

## Financial strength is the issue not competition

Bernard Gray hears Lord Weinstock's VSEL views

Lord Weinstock's view of the right future for VSEL, and the British defence industry, could not be more different than John Weston's, the man who runs BAE's defence business.

GEC's managing director believes that the arguments about competition in shipbuilding are nonsense, and that the talk of wholesale cross-border rationalisation of the European defence industry is naive.

Lord Weinstock argues that when the Office of Fair Trading looks at each order, they will see that each could only be built by one specialist yard.

"The order for the second batch of Trafalgar submarines would always have been built at Barrow [VSEL's yard in Cumbria], so there can be no real competition for that contract."

"The other order around is for the last batch of Type 23 frigates for the Royal Navy. Yarrow [GEC's yard on the Clyde] has built nine of the 13 of that class and the prices for these ships are well known, so the Ministry of Defence need have no concerns on that score."

In the future, ships are likely to be built on a collaborative basis. "Beyond that is the next generation Horizon frigate, which will not be built until the turn of the century and is an Anglo-French-Italian venture anyway, much as you have in BAE's monopoly aircraft business."

If anything, Lord Weinstock contends that the risk is that Barrow run by another company would be tempted to put Yarrow out of business.

"If Barrow had won a large submarine contract to keep it profitable, it might be tempted to buy other contracts and starve its competitors of work. The history of shipbuilding is littered with similar incidents."

At a philosophical level, Lord Weinstock also questions whether effective competition can exist when two potential manufacturers of equipment vie to supply one buyer.

"If, for example, you have four contracts to parcel out between two bidders A and B, the maximum split you could make is three to A and one to B, regardless of whether B was cheapest bid because otherwise B would be out of work and you would have no future com-



Lord Weinstock: talk of cross-border rationalisation is naive

petitions, including well-publicised merger talks last year, and less well-known discussions about a joint bid for VSEL at the beginning of the year. Both came to nothing, but it appears Lord Weinstock's conviction that a merger should happen has grown.

He agrees with BAE's management on at least one point. "Prime contracting [the ability to manage complex programmes with many sub-contractors] is growing into the most important element of defence manufacturing."

"I think that it is vital for the UK to foster a strong capability in defence prime contracting, otherwise we will not be able to build the complex systems in future. GEC has a very good record in prime contracting, and we want to buy VSEL because we wish to do more of it."

It is in how this prime contracting should be done that he parts company with BAE.

"For the concept of a prime contractor who accepts the risk of managing a project to make sense, then the prime contractor has to be able to bear the cost of a project going wrong."

"Who would you rather take on as a prime contractor, a company with nearly £3bn in the bank and can pay for its own mistakes, or one which owes the bank £200m? I know who I would choose."

Lord Weinstock's inference is clear. GEC's strong cash position gives it an enormous asset to bring to the table. BAE's relatively weak financial position undermines its credibility. Bring BAE's longer prime contracting experience together with GEC's financial backing and you have a strong company able to take on the competition.

Short of that the best solution is to increase the amount of prime contracting done by GEC. In Lord Weinstock's view, only by good for the British defence industry. In the longer term he still clearly hankers after the ultimate rationalisation linking GEC and BAE to produce one UK super-prime contractor.

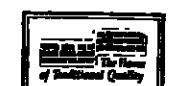
"Prime contracting is an important skill. But it is about more than collecting all of your suppliers bills and adding a fat margin to them."

This announcement appears as a matter of record only.

## THROGMORTON PREFERRED INCOME TRUST PLC

The Directors are pleased to announce that the Trust has agreed to invest £15.5m in the following six companies by way of preference shares with warrants

£3,000,000



£2,000,000

BEARING POWER INTERNATIONAL PLC

£2,000,000

Broadcast PLC

£3,000,000



HAWTIAL WHITING

£3,000,000

MARTIN INTERNATIONAL HOLDINGS PLC

£2,500,000

REGENT CORPORATION PLC

Throgmorton Preferred Income Trust PLC is managed by Framlington Investment Management Limited a member of IMRO

155 Bishopsgate, London EC2M 3XJ Tel: 071 330 6622

## Clydesdale Bank

## BASE RATE

Clydesdale Bank PLC announces that with effect from 7th November 1994 its Default Rate for unauthorised borrowing is increased from 25% per annum to 25.5% per annum.



## Sage shares up 51p to 656p

By Alan Cane

Shares in Sage Group jumped 51p to 656p after the personal computer accounting software company reported record sales and pre-tax profits and a significant acquisition in the French accounting software market.

The Newcastle-based company is paying £18.7m for Saari, the leader in the French market. Its position is broadly comparable to Sage in the UK.

The deal will be financed, unusually for Sage, by a £30m unsecured five-year loan. There is no earn-out provision, no penalty for early repayment and on a pro forma basis, interest payments are covered eight times.

Saari is Sage's second acquisition in France following the purchase of Ciel in 1992. Ciel sells accounting software at the low end of the market, whereas Saari's products are directed at the small and medium-sized business sector.

Mr David Goldman, Sage chairman, said there were considerable possibilities for rationalisation within Saari to improve margins and profits.

The French company turned over £29.1m last year, but profits were only £1.5m, its operating margin of 7 per cent compared with 44 per cent for Sage in the UK.

Mr Goldman said Saari employed 110 people in sales and marketing, compared with only 12 for Sage. A new chief executive and finance director are being sought and some £1.5m has been earmarked for restructuring, which is expected to take about 30 months. The French company is expected

to make an immediate contribution to profitability.

In the year to September 30, Sage raised pre-tax profits by 48 per cent to £14.3m (£9.8m). Turnover increased 23 per cent at £50.9m (£41.3m), including £22.5m from sales of upgrades, services and other products to existing customers.

Earnings per share advanced to 45.4p (32.5p). The dividend for the year is raised 10 per cent to 10.91p (9.82p) including a final of 7.26p (6.5p).

Net cash at the year end came to £4m after £9m was spent on earlier acquisitions and capital investment.

DacEasy, the principal US subsidiary, raised operating profits by 86 per cent to £2.2m on revenues of £12.9m, demonstrating recovery from problems experienced last year.

### COMMENT

The accounting software business was, Mr Paul Walker, Sage chief executive, said yesterday "very simple." Over the years the company has benefited from a spare, simple approach to management. Its latest acquisition will clearly benefit from this approach. Mr Goldman is justifiably pleased with the price paid - 64 per cent of sales - compared, say, with Microsoft's acquisition of Intuit for six times sales. Sage's one slip - some carelessness over the management of DacEasy in the US - was swiftly corrected and the same mistake is unlikely to be made with Saari. With estimated profits of £17m - £18m this year giving a prospective p/e of between 12 and 13, the shares are very reasonably priced.

## Quadrant improvement continues in first half

Quadrant, the photographic and video group, continued to improve in the first half to August 31. On sales from continuing operations up 11 per cent to £25.1m pre-tax profits came to £154,000.

In the previous first half pre-tax profits amounted to £102m, because of an exceptional profit of £1.5m related to the disposal of discontinued

activities.

In the period under review, the precision engineering and systems division contributed a profit of £333,000 (£25,000 loss) on sales of £6.53m against £2.88m.

Property and investment costs of £114,000 were connected to the group's Coventry office building, which is held for sale.

## Elf sells 10% of its Enterprise holding

By Peggy Hollinger and Robert Corzine

Elf Aquitaine, the French oil company, has sold a 10 per cent stake in Enterprise Oil, the UK company which earlier this year failed in its hostile bid for fellow explorer Lasso.

Elf raised £187.5m from the placing of 50.8m shares at 369p, representing 10.3 per cent of Enterprise. The placing price of 369p compares with an Enterprise share price of 451p before the bid for Lasso.

The sale was widely expected after Elf's decision earlier this year to re-classify the Enterprise holding as non-core. Elf has set a target for this year of £F55m (£59m) from the sale of such assets, as part of a restructuring programme.

Elf continues to hold 12.9 per cent of Enterprise through the joint venture company Elf Enterprise Petroleum. The company said yesterday's sale would not affect the joint venture, which operates three North Sea fields and the Flotta oil terminal in the Orkney Islands. Elf has a two-thirds share in the joint company.

Mr Andrew Shilton, finance director of Enterprise Oil, said: "The disposal of this block of shares should not be interpreted to mean the unravelling of the joint venture. Both Elf and Enterprise are content that it should continue to exist."

Elf Enterprise Petroleum was formed in 1991 to buy out the North Sea assets of Occidental, the US group, for £800m. It was attacked by Lasso during Enterprise's unsuccessful bid. Lasso claimed the venture had been "a disastrous investment", with losses of £238m in 1993, debts of £18m and gearing of more than 200 per cent.

Mr Shilton said Enterprise became aware several weeks ago that Elf intended to place its stake. Under a shareholders' agreement, Elf had to consult Enterprise over the placing and could not sell the shares to any one buyer.

Mr Shilton said he did not know which institutions had taken the shares.

## Celsis settles with sacked chief

By Daniel Green

One of the more acrimonious corporate sackings in recent years came to a sudden and apparently amicable end yesterday in a deal that will probably make Mr Tony Martin, former chief executive of Celsis, a millionaire.

Mr Martin was sacked without compensation in March 1994 on the grounds that he was "ineffectual".

Celsis then sought judicial

confirmation that the termination of the contract was lawful. Mr Martin counterclaimed, alleging unfair dismissal and said he would sue for defamation.

All these actions will now be suspended. Celsis will pay Mr Martin £90,000 in a "without prejudice" payment, and a contribution of up to £40,000, which Mr John McKinley, Celsis' lawyer, said would be likely to account for all costs and expenses.

Celsis also agreed, subject to

shareholders' approval, to establish and lend sufficient funds to a share option trust for the benefit of unnamed senior staff, which would buy 500,000 shares in the company from Mr Martin at a price of 48p per share.

In addition, Mr Martin will keep 1.5m shares in the company, worth £923,000 at yesterday's closing price of 71p.

Mr Martin felt he had won a moral victory.

Since his departure from Celsis, he has taken up two blo-

technology non-executive directorships, one in the US and one in Ireland. He plans to accept a third and said yesterday that he had been offered executive positions.

Cambridge-based Celsis, which specialises in contamination detection equipment, said it "wishes Mr Martin every success in his future endeavours".

It appointed Mr Arthur Holden, from Baxter International of the US, as his replacement in September.



Tony Martin: settlement could make him a millionaire

### NEWS DIGEST

## J Smart down 19% to £1.65m

J Smart (Contractors), the building and public works concern, reported a 19 per cent fall in pre-tax profit to £1.65m for the year to July 31, on sales of £17.2m.

This compared with £2.04m on sales of £12.8m in the previous 12 months.

The dividend for the year is maintained at 8.5p, including a proposed final of 6.2p. Earnings per share fell to 10.0p (13.2p).

### Matthew Clark

Matthew Clark, the independent drinks wholesaler which acquired Gaymer, the fortified wine and cider company last month for £100m, has spent £5.1m to buy a further 12.55 per cent of Freemakers Group, a drinks wholesale business.

The purchase, made under the terms of the Freemakers shareholders' agreement struck at the time of the initial acquisition of 74.9 per cent, brings Clark's holding to 87.45 per cent. Clark has the option to acquire the outstanding 12.55 per cent in October 1995.

### Enterprise Computer

Enterprise Computer Holdings, which incurred losses of £5m last year and saw revenues fall from £58m to £16.4m after extensive restructuring, said it was still in discussions with its banks over its future.

The company had warned in September that its viability would be in doubt if bankers refused to renew its lines of credit. The company added

that its two banks had agreed to extend the company's facilities until the end of December while a range of possibilities for restructuring the company's finances were examined.

Enterprise, originally a seller of used mainframe computers, has been repositioning itself in computing services but the change has been more difficult than expected.

### Premium U'writing

Premium Underwriting, the investment company which was incorporated in October last year, suffered a pre-tax loss of £63,000 for the 10 months to August 31 1994.

The loss was "significantly less" than forecast in the flotation prospectus because of £32,000 additional interest on the flotation proceeds.

### Laporte purchase

Laporte, the specialty chemicals group, has completed the acquisition of the Perchem organoclays business from Akzo Nobel Chemicals of the Netherlands.

The purchase, which is phased over a period, was for "less than £5m", Laporte said. Under the agreement, Akzo will maintain production at Perchem's site at Littleborough, Lancashire, on behalf of Laporte.

Organoclays are used in cosmetics, solvent-based paints, inks and similar surface coating products and in oil well drilling fluids.

### Molyneux expands

Molyneux Estates is paying £3.05m for Hayes Gate House, a 76,000 sq ft office building in west London.

The acquisition will be

funded from existing resources and the proceeds of a cash placing of 2.14m new ordinary shares at 70p apiece.

The directors believe the likely sustainable annual rental income of the property will be about £500,000, increasing Molyneux's net rent receivable to some £7.6m a year.

### Grafton acquisition

Grafton Group, the Dublin-based builders' merchant, has acquired Lumley & Hunt, a Sussex-based plumbing and heating merchant, for £1.6m in cash and loan notes.

Lumley has an annual turnover of £6.5m and has recently been making losses. The consideration is below asset value.

### Schroder Korea

Schroder Korea Fund reported a net asset value of £13.34 per share at the end of the six months to August 31, against £13.13 at the end of the 14 months to February 28.

Total revenue came to £320,000, (£202,532) against £215,000 in the six months to June 30 1993. The net loss increased to £578,000 (£265,000) or on a per share basis 11.56 cents (£5.7 cents).

### Hanson Industries

Hanson Industries, the US arm of Hanson, has announced a \$430m (£277m) capital expenditure programme for its chemical companies over the next three years.

Quantum Chemical's \$289m programme will include \$115m to increase polyethylene capacity and \$93m for ethylene production.

SCM Chemicals will invest \$128m, of which \$80m will be used to increase titanium diox-

ide capacity, including extra capacity at its UK factory.

SCM Ghidoni Organics, which is involved in the aroma and fragrance chemical industry, will invest \$21m, including \$4.5m for environmental improvements on waste water treatment.

### Scottish National

Net asset value per capital share of the Scottish National Trust stood at 42.9p at the September 30 year end, against 94.9p 12 months earlier.

Net revenue amounted to £14m (£14.6m) giving earnings of 7.41p (7.83p) per income share. A maintained final dividend of 2.1p is proposed, making 7.5p for the year. Last year's total of 7.75p included a special dividend of 0.25p.

### German Smaller

German Smaller Companies Investment Trust had an undiluted net asset value per ordinary share of 263.5p at the end of the half year to September 30, against 226.8p last time. The figure represents a 2.6 per cent fall since the year-end.

Net revenue for the trust, which is managed by Lloyds Bank Fund Managers, was flat at £303,000, equivalent to earnings per share of 1.68p (1.68p).

### German Inv Trust

The net asset value per share of the German Investment Trust stood at 122.1p at the half year to September 30, against 108.4p 12 months earlier.

The outcome represented a 6.2 per cent decline from its level of 119.5p at the March 31 year end and compared with a 5.4 per cent decrease in the FT-World Index for Germany

## Recommended Cash Offer on behalf of Speywood Holdings PLC (a member of the Beaufort Ipsen Group) for Porton International PLC

Lazard Brothers and Co., Limited ("Lazard Brothers") announces on behalf of Speywood Holdings PLC (the "Offeror") that, by means of a formal offer document dated and despatched on 3rd November, 1994 (the "Offer Document"), Lazard Brothers is making a recommended cash offer (the "Offer") on behalf of the Offeror to acquire the whole of the issued share capital of Porton International PLC ("Porton") other than shares to be acquired separately from Mr. A. D. Gover, trustee associated with him and Dr. Z. P. Hansanyi.

A holder of Porton shares who accepts the Offer will receive £13.40 in cash for each Porton share.

Any holder of Porton shares who validly accepts the Offer may, as an alternative, elect to receive loan notes (the "Loan Notes") or the "Loan Note Alternative") instead of all or part of his holding of Porton shares on the basis of £13.40 in Loan Notes for each Porton share.

The full terms and conditions of the Offer and the Loan Note Alternative are set out in the Offer Document. This advertisement alone does not constitute and must not be construed as an offer. Accepting Porton shareholders may only rely on the Offer Document for all the terms and conditions of the Offer.

The Offer is not being made directly or indirectly in the United States, Canada or Australia, or by use of the mails or by any means or instrumentality of interstate or foreign commerce or, or any facilities of a national securities exchange, of the United States.

This advertisement is not being published or otherwise distributed or sent in or into the United States, Canada or Australia and persons reading this advertisement (including custodians, nominees and trustees) must not distribute or send this advertisement, the Offer Document or the Form of Acceptance in, into or from the United States, Canada or Australia and doing so may invalidate any related purported acceptance of the Offer.

The Offer, which is made by means of the Offer Document and this advertisement, is capable of acceptance from and after 3.00 p.m. on 3rd November, 1994 in accordance with the terms and conditions set out or referred to in the Offer Document. The Offer is, by means of this advertisement, extended to all persons to whom the Offer Document may be despatched who hold, or who are entitled to have unconditionally allocated or issued to them, Porton shares. Such persons are informed that copies of the Offer Document, and the Form of Acceptance, will be available for collection from Lazard Brothers at 21 Moorfields, London EC2P 2HT.

This advertisement is published on behalf of the Offeror and has been approved by Lazard Brothers, a member of the Securities and Futures Authority, solely for the purposes of section 57 of the Financial Services Act 1986.

The Directors of the Offeror accept responsibility for the information contained in this advertisement and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

4th November, 1994

**BARCLAYS INVESTMENT FUNDS (LUXEMBOURG)**  
Société d'Investissement à Capital Variable ("the Company")  
Registered Office, Luxembourg  
25, place de la Gare  
L-1616 LUXEMBOURG, Luxembourg 31439

**NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of Shareholders is to be held at the registered office of the Company on Thursday, 15th November 1994 at 11.30 a.m. (or as soon thereafter as it may be held) for the following purposes:

- To receive and adopt the Directors' Report and Report of the Auditor for the year to 31st July 1994.
- To receive and adopt the Statement of Net Assets and the Statement of Operations for the year to 31st July 1994.
- To grant a discharge to the Directors in respect of their duties for the year ended 31st July 1994.
- To grant a discharge to the Auditor in respect of their duties for the year ended 31st July 1994.
- To re-elect Messrs Fox, Pealy, Tykes and Whitton as Directors of the Company.
- To appoint Messrs Griffiths, Jones Y. Sore and Phillips previously elected to the Board by the Directors to fill the vacancies left by the resignation of Messrs Brook, Dennis and de Montis, as Directors of the Company.
- To re-appoint Messrs Price Waterhouse as Auditors.

**Voting**  
Shareholders are advised that in accordance with the Articles of Incorporation the Annual General Meeting of Shareholders will require a Quorum of 10% of the shares outstanding.

**Voting Arrangements**  
In order to vote at the meeting the holders of Barclays shares must deposit their shares not later than Friday, 11th November 1994 either at the registered office of the Company, or with any bank or financial institution acceptable to the Company, and the relative Deposit Receipts (which may be obtained from the registered office of the Company) must be forwarded to the registered office of the Company to arrive not later than Monday, 14th November 1994. The shares so deposited will remain blocked until the day following the meeting or any adjournment thereof.

The holders of registered shares need not deposit their certificates but can be present in person or represented by a duly appointed proxy.

Shareholders who cannot attend the meeting in person are invited to send a duly completed and signed proxy form to the registered office to arrive not later than Monday, 14th November 1994.

Proxy forms will be sent to registered Shareholders with a copy of this Notice and can be obtained from the registered office of the Company.

The Board of Directors

**Margined Foreign Exchange Trading**  
Fast Competitive Quotes 24 Hours  
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Period	Price	Period	Price	Period	Price
1st hour	2nd hour	3rd hour	4th hour	5th hour	6th hour
0000	10.13	0500	9.55	1000	9.55
0100	22.85	0600	9.55	1100	9.55
0200	27.84	0700	10.20	1200	9.55
0300	27.84	0800	23.82	1300	9.55
0400	9.33	0900	23.82	1400	9.55
0500	10.13	1000	23.82	1500	9.55
0600	9.33	1100	23.82	1600	9.55
0700	27.84	1200	23.82	1700	9.55
0800	27.84	1300	23.82	1800	9.55
0900	9.33	1400	23.82	1900	9.55
1000	9.33	1500	23.82	2000	9.55
1100	9.33	1600	23.82	2100	9.55
1200	9.33	1700	23.82	2200	9.55
1300	9.33	1800	23.82	2300	9.55
1400	9.33	1900	23.82	2400	9.55
1500	9.33	2000	23.82		
1600	9.33	2100	23.82		
1700	9.33				



## RECRUITMENT

JOBS: Encouraging open dialogue is the best way to achieve change in a company's structure and its underlying culture

## Honesty is the best business policy

Is honesty becoming a hallmark of business? There were two noticeable examples at last week's Institute of Personnel and Development conference.

One involved the admission by Paul Preston, president of McDonald's restaurants in the UK, to something of a marketing gaffe. Without any market research, the company launched a cheese, salad and pickle sandwich snack, called a "McPloughman's". It never took off.

The other featured a warning by Sir Brian Fitzmaurice, chief executive of Lloyds Bank, that the shake out from restructuring in the UK banking industry would grow worse before it grew better. Pay expectations would have to be dampened - a 1 per cent rise equated to 650 lost jobs at Lloyds, he said.

Sir Brian was laying the message on the line in a way that rarely happened in the past. He argued that top managers needed to be brutally honest with staff and involve them in the process of change.

But can managers accept it when the dialogue is two-way and employees are encouraged to be honest about them and the company? Preston admitted McDonald's UK management was surprised when it discovered three years ago that staff were less than enamoured

with McPloughman's. It was equally surprised when it heard some of the adverse comments from customers.

McDonald's discovery, which was well heeded, could be a lesson in openness and frank, two-way dialogue for all companies. Jean Boulton, of Hay Management Consultants, suggests saying the unsayable - what she calls corporate blaspheming - can be a useful way to tackle change.

Only by confronting the culture of the organisation, she argues, can anything be done to change it. Boulton believes it is the people working for organisations that most inhibit change, even after the need for it has been recognised and processes have been introduced to bring it about.

"Companies spend enormous amounts of time and money restructuring, re-engineering, decentralising, centralising. But somehow the people of the organisations slip unscathed through the process, hanging on to the same attitudes, behaviours and beliefs they always had," she told delegates at a recent Hay client issues conference in London.

Very often the only thing that has really changed, observes Boulton, is language. While people might feel comfortable talking about empowerment and customer focus, what they actually do changes remarkably little.

The problem for many, she finds, is that as the structure of the organisation and its ways of working change around them, people feel less supported and less understood as they find themselves deprived of the informal methods by which they got their work done.

Their behaviour is embodied in the culture of the organisation, and only when this is recognised and changed can a real transformation be achieved, she says.

She breaks down culture into four elements - the unconscious, the conscious, the espoused and the unspoken. Unconscious culture, she says, is "probably the most influential and the hardest for organisations to recognise and handle".

The recent departure of Peter Sherlock as chief executive at National Freight Corporation seems a classic example of unconscious

culture at work. The company recruited someone it thought it needed but whose way of working, it found afterwards, could not be accommodated by other board members. The existing culture prevailed and Sherlock departed.

Boulton says the conscious aspects - those values, usually positive, that we are aware of - must also be acknowledged.

What she calls espoused culture is what an organisation says it is like. Boulton claims this often equates to its ideal rather than what it is really doing.

Boulton gives some examples of unspoken culture, what she terms the "dark mutterings in the corridor", that need to be brought out into the open if things are to change. These include:

- "Everyone knows that the people who get on around here are the ones who don't put their heads above the parapet. Look at Martin. He's always the one that tries to challenge the boss, point out what the problems are, but it doesn't get him anywhere, does it?"
- "They say they want us to take risks but every time you disagree

with the boss's pet idea, that's it."

"We say we want to reward output and productivity and customer service, but we all know that technical excellence is what really counts in this engineering culture. Look at our senior managers. They are our most able engineers but they don't manage anyone. All they're interested in is their own technical work, but they still get promoted."

Are any of these familiar? Boulton argues that only if they are brought into the open can change be achieved.

Boardsrooms are sluggish in responding to demands for changes to the role of non-executive director. This is suggested by the findings of a survey of company chairmen of UK-listed companies, conducted by Pro Ned, the non-executive selection company, and the Institute of Chartered Accountants.

The independent non-executive as a guardian of accounting and remuneration standards seems to be a rare animal. Of the 585 chairmen surveyed - representing about a

third of companies listed on the London Stock Exchange - 60 per cent admitted their last non-executive appointment was made through personal connections without an objective appraisal of the skills required.

Some 41 per cent intended to create more specific arrangements for future appointments. These included using a more formal specification, involving more of the board in decision making and appointing a nomination committee.

Most of the chairmen thought fees for non-executives would rise in return for a greater time commitment. A rise of 10 per cent during the next two years was envisaged, and two-thirds of the chairmen anticipated upward pressure because of the increasing responsibilities of the job.

Where is the upward pressure coming from? It suggests the sector is a seller's market. Should this be the case when annual fees paid to non-executive directors are at present between £900 and £1,200 a day?

One problem may be that many companies are casting their net for

non-executives far too narrowly. They could broaden their search within the business arena, or look to areas outside business - the public sector and the professions. Most of all, they could look more favourably at women.

Surely there is room for broader-based recruitment if the alternative is yet more boardroom pay increases - large rises for executives are finding few champions these days.

Tim Melville-Ross, director general of the Institute of Directors, points out that the few big pay increases that make the headlines mask the more modest salaries paid to thousands of other directors.

Nevertheless, he says, directors need to be more open about their pay awards, and to justify them.

He and the institute are working on guidelines that will in effect call for greater disclosure of salaries, closer links between rewards and the long-term financial performance of a company, and greater consideration of whether any rise reflects that granted to other employees.

"There is nothing wrong in substantial rewards for substantial achievement - but there should be no rewards for failure," he says.

Richard Donkin

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Ref 336j

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Ref 342j

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Our client is a long-established financial services group with an impressive client base located principally in the North of England. The corporate finance business of the group has seen significant growth over recent years under new dynamic leadership and a further senior appointment is now proposed in the expanding Leeds office.

The role will involve business development and execution of transactions for public and larger private companies, including advising clients on mergers and acquisitions, MBOs, stock exchange compliance, financial restructuring, as well as flotations and capital raising.

Reporting to the Managing Director the candidate will be expected to establish close and effective relationships with a broad range of corporate clients in the

Yorkshire region. The working style of the Group is collegiate and the appointed candidate will benefit from the support of colleagues in the Group's offices in London and Manchester.

Candidates will be well-qualified, graduate calibre, corporate finance professionals, ideally with an established network of contacts in the North of England. Attitude and aptitude are more important than age, which is likely to be 30s to mid 40s. Energy, commitment with clear thinking and communication skills are essential for this outstanding and demanding opportunity.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 94371N on both letter and envelope, and including details of current remuneration and availability



SEARCH & SELECTION

PARK HOUSE, 6 KILLINGBECK DRIVE, YORK ROAD, LEEDS LS14 6UF TEL: 0532 484848.  
A GKRS Group Company

# Corporate Development Manager

A strategic thinker for a market leader

Nottingham: Excellent Package

The Boots Company is acknowledged as one of Britain's leading value managed companies. Through organic growth and acquisition, profits increased last year to over £450 million and total sales exceeded £4 billion. The global operations contributing to this success are diverse; market leaders in retailing and OTC healthcare, third party contract manufacturing, Europe's largest Community Pharmacy Group and a world-wide pharmaceuticals marketing and research business.

Now we need your business acumen and broad experience to play a substantial role in the development and preparation of Business Unit and Group strategy. You will also help us identify, evaluate and negotiate future strategic acquisitions and divestments. Working closely with our senior management team and with external professionals, you will project manage the acquisition/divestment process in line with our agreed business plan. Initiative, lateral thinking and a keen sense of commercial reality will be vital throughout your work.

A graduate, with an accountancy/MBA qualification, you will already have considerable experience of mergers and acquisitions or strategic planning, and operating within complex, international, business environments. Personal authority, based on analytical expertise and sound experience, plus excellent communication skills are essential to ensure the immediate credibility and contribution required. Most importantly we expect you to have the ambition and potential to develop your career to the most senior levels in the organisation.

In return we offer a remuneration package which includes a substantial base salary, company car and profit related bonus. Generous benefits include assistance with relocation, to the attractive city of Nottingham, where appropriate.

If you have the strategic expertise that can make the difference in today's marketplace, please write with full personal and career details to: Anne Sempik, Group Personnel, The Boots Company PLC, Head Office, Nottingham NG2 3AA.



THE BOOTS COMPANY

You're a  
recent graduate  
and you're successful.

Now ask yourself  
this question.

IS IT  
ENOUGH?

## CAPITAL MARKET TRADERS

£30,000 plus Banking Benefits

You're under 25 and a recent graduate but already you've achieved a great deal. You could be an accountant or a consultant, an analyst or a trader. You may be a hot-shot in computing or in engineering. Whatever you are, you'll have an unshakable belief in your ability to do even better.

If you want to make the grade as a dealer in Capital Markets with Chemical Bank, that self-belief really will need to be something special. As one of the world's foremost commercial banks and a recognised leader in foreign exchange, money markets, derivatives and securities trading, we owe our success to the exceptional abilities of our people.

So ask yourself these questions...

- Do you get frustrated because you always feel you could do better?
- Do you thrive on setting yourself tough short term goals?
- Are you driven by a desire to be successful?
- Have you a knack for getting to the core of a problem and acting decisively?
- Have you the courage to back your decisions on the strength of your intuition?

In any case, rest assured that we'll put you through some very demanding tests to establish whether or not you have the self-confidence, stamina and numeracy to succeed in the uniquely pressurised environment of the Chemical Bank trading floor. If you make it, we will put you through an intensive 3 month training programme leading to a career where the challenges are extraordinary and the rewards outstanding.

Our minimum requirement is that you have three excellent 'A' levels, a 2:1 degree, and a high level of numeracy. The rest is up to you, your ambitions and an unshakable belief in yourself.

If you're interested please send a copy of your CV, clearly listing your academic, career and personal achievements to our consultants at Moxon Dolphin Kerby, Ref 4587, 178-202 Great Portland Street, London W1N 6JJ. Closing date for applications: 14th November 1994.

**CHEMICAL**

## Leading UK City Institution European Portfolio Manager

Our long established client, with £7 billion under management, seeks applications from highly rated practitioners for the above post. Essential attributes will include: an in depth knowledge of European equity markets, several years experience of managing European portfolios and a record of good performance. Candidates should be dynamic clear thinkers and have a good degree, preferably IMR but at least IMC qualifications, and enjoy working in an environment of open debate, friendly teamwork and accountability.

Our client offers competitive salaries and a benefits package comprising: non-contributory pension, company car, private medical and permanent health insurance and a subsidised mortgage.

Please reply with full career details to Lorraine Mackenzie at the address below and ensure that the envelope is marked clearly with our ref. no. 1013. Envelopes will be forwarded unopened direct to our client, unless you list separately any companies to whom your details should not be forwarded.

**BERNARD HODES**

BIRMINGHAM • BRISTOL  
CARDIFF • HERTFORD  
LEEDS • MANCHESTER  
GLASGOW • NEWCASTLE

Griffin House,  
161 Hammersmith Road,  
London W6 8BS. (Ref. 1013)

## Emerging Markets Latin America

Morgan Grenfell is one of the leading investment banks in the City with a strong profile both in the UK and internationally. In seeking to expand its Latin American coverage in London an opportunity has arisen for an executive who is able to demonstrate a thorough knowledge of the Latin American capital markets and most specifically the Brazilian markets.

The position will require the successful candidate to identify and develop business opportunities involving equity placements, privatisations and advisory mandates.

Applicants for this position should be graduates and are likely to be already working in this field. In addition they should be able to demonstrate a good level of investment banking expertise and should ideally be fluent in both Spanish and Portuguese.

Remuneration will be highly competitive and includes a significant performance related bonus and other benefits.

**MORGAN  
GRENFELL**

Please reply with full  
career details to:  
Mark Heyes  
Morgan Grenfell &  
Co. Limited  
23 Great Winchester  
Street  
London EC2M 2AN

## JAPANESE NATIONAL SALESPERSON

Major International Broker seeks a Japanese National Salesperson with 23 years experience in the Securities industry. Preferences will be given to candidates who have JGB/Fixed Income debt exposure.

The salary will be commensurate with the successful candidate's ability and experience for this challenging role in JGB sales.

Write to Box A2180, Financial Times, One Southwark Bridge, London SE1 9HL

## INNENLEITER - Stv. NIEDERLASSUNGLEITER Lombard North Central PLC Zweigniederlassung Frankfurt

Wir sind die deutsche Niederlassung eines der führenden Finanzdienstleistungsunternehmen Europas, das der National Westminster Bank Group angehört.

Wir erweitern unsere Aktivitäten in Deutschland und bieten für den Innenleiter und stellvertretenden Niederlassungsleiter eine interessante und herausfordernde Karriere.

Die Schwerpunkte dieser Führungsaufgabe bilden die Verantwortung für das Accounting, die Refinanzierung, das Berichts- und Steuerwesen sowie die Organisation. Sie werden dabei von einem kleinen, leistungsfähigen Team unterstützt und berichten direkt dem Niederlassungsleiter.

Wir suchen einen Bankkaufmann mit mehrjähriger Berufspraxis in den vorgenannten Bereichen. Ein wirtschaftswissenschaftliches Studium sowie Kenntnisse des Treasury-Managements, der englischen und deutschen GAAP wären von Vorteil, sind aber nicht Bedingung. Sichere deutsche Sprachkenntnisse in Wort und Schrift setzen wir jedoch in gleicher Weise voraus wie Einsatzfreude, Eigeninitiative, Durchsetzungsfähigkeit und gutes Kommunikationsverhalten.

Die Stelle ist mit den erforderlichen Kompetenzen ausgestattet und wird den Anforderungen entsprechend dotiert.

Bitte senden Sie Ihre aussagefähigen Bewerbungsunterlagen mit Gehaltsvorstellung und frühestmöglichem Eintrittstermin an:

Mrs Linda Hill, Personal Manager, Lombard North Central PLC, 3 Princess Way, Redhill, Surrey RH1 1NP.

Applicants with a disability will be guaranteed an interview provided they are suitably qualified/experienced.

**Lombard**

BUSINESS FINANCE

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Lombard - Working to Achieve Equal Opportunities

## IBM AS/400 - CARD PROCESSING SERVICE OPERATIONS MANAGER

Hertfordshire - up to £50,000 Plus Benefits

Sema Group is recognised as the market leader in supply of card processing solutions. The company's strength and expertise in the Payment Systems arena and its existing offerings has now been complemented by the addition of a card and merchant processing system for the IBM AS/400 platform - CARD400.

The Payment Systems Division is looking for a young, and dynamic individual to spearhead a growing team dedicated to promoting the new CARD400 service into Eastern Europe, Middle East, and Africa. We expect this person to have recognised academic qualifications and a broad experience of international product implementation and support, but, more importantly, to have the drive to make a significant contribution to the success of the company...and their own future.

### Responsibilities Include

- Explore new business opportunities in carefully targeted prospects
- Build international supplier relationships
- Orchestrate joint projects opportunities
- Manage all aspects of proposals and bids
- Build, manage and expand the support team in line with business growth

### The Candidate

- Card Processing knowledge an advantage
- Possess strong people and communication skills
- Demonstrable track record in sales management
- Experience of computer systems
- Proven ability to manage major development project teams

If you want to be part of this successful group and feel you can offer the above skills, send a full and up to date CV to :-

Richard Swift, Resource Manager, Sema Group, Home Park Estate, Station Road, Kings Langley, Hertfordshire, WD4 8LZ Tel: 0923 270700 Fax: 0923 249472

Closing Date for Applications is Friday 11th November 1994.

**SEMA GROUP**

Sema Group employs over 8200 professionals with a turnover of £502m in 1993 and is one of Europe's major consultancy and software engineering companies, serving the world market and with over 30 years' experience in the financial sector.

## Providence Capital

Providence Capital Portfolio Managers Limited is one of the fastest growing asset management companies in the UK, backed by the South Africa Mutual Life Assurance Society Limited ("Old Mutual"). We manage £1.5 billion of assets in a variety of equity, bond, deposit, property, managed and hedge funds.

## ASSISTANT FIXED INTEREST MANAGER

In addition to money market exposure, PCPM manages bond investments in excess of £500m in value, including UK gilts and non gilts, international and emerging bond portfolio. We now wish to recruit a high calibre Assistant to the Head of Fixed Interest in order to improve our depth of coverage in these markets.

It is unlikely that a candidate without 5 years relevant experience would be able to make the significant contribution required. Expertise in non-gilts and the money markets would be particularly useful although it is envisaged that the successful applicant will become involved in all areas of bond investment.

This is a challenging opportunity to join a highly successful and stable team of investment professionals operating in a culture which supports individual achievement. We offer a competitive total remuneration package including a significant performance bonus element.

If this sounds like the opportunity for you please write, including a full CV, to

**PROVIDENCE  
CAPITAL**

Bob Attridge, Head of Fixed Interest,  
Providence Capital Portfolio Managers Limited,  
Providence House, 2 Bartley Way, Hook,  
Basingstoke, Hampshire, RG27 9XA

مكثامن الأهل



## Senior Manager Investments, Bahrain

**Tax free salary and company bonus plus relocation allowance**

Our client is a leading international reinsurance company and one of the world's top 100 reinsurers. The company currently has a substantial investment portfolio comprising bonds, stock and real estate with total assets under management of over USD 400 mio.

The Senior Manager - Investments, will lead a team of four investment professionals responsible for defining investment policy, monitoring investment performance and implementing the appropriate risk reward strategy.

Applicants will be a minimum 32 years old, hold a masters degree with a commercial bias and have at least 7 years' experience in investment management. They must have proven skills in investment strategies and portfolio management experience which should include bonds, stock and real estate. Technical skills in currency movements, hedging and trading are fundamental.

For further information, please contact Clare Burtonshaw at The Exchange Consulting Group.



EXCHANGE  
Consulting Group

13 St Swinburn Lane, London EC4N 8AL

Telephone: 071 929 2383. Fax: 071 929 2805.

## Interest Rate Options Trader

**London**

As one of the leading UK merchant banks, we are expanding our Treasury and Derivatives Division and now have a significant opportunity for an Interest Rate Options Trader to assist us in meeting our strategic objectives.

The successful candidate will have a minimum of two years' experience and be currently responsible for trading a book in IROs and swaptions. The ability to work effectively as part of a team, challenge existing practice and introduce fresh ideas are essential characteristics.

**Competitive salary + benefits**

For someone able to make an immediate contribution to our success, we offer a competitive salary, full range of benefits and excellent opportunities for career progression.

Please write, enclosing a detailed CV and an indication of your current remuneration package, to: Mr J. Tuke, Director, Hambros Bank Limited, Treasury and Derivatives Division, 41 Tower Hill, London EC3N 4HA.



HAMBROS BANK LIMITED

## Deputy Head of Compliance North of England

**National Financial Services Organisation**

Our client is an established national financial services organisation which provides a wide range of insurance and investment products. Their strong commitment to compliance has resulted in the development of a high profile compliance department which contributes directly at all levels of the organisation. They now seek to strengthen further the compliance department with the appointment of a deputy head of compliance.

The successful individual will play a key role in the day-to-day management and development of the compliance function. The role will involve reviewing and strengthening compliance systems and procedures throughout the organisation. The successful candidate will assume responsibility for important areas and projects, as well as assisting and deputising for the compliance officer. There will be a particular focus on activities regulated by the Personal Investment Authority.

Candidates must be senior compliance professionals with a good knowledge of LAUTROPIA regulations and practical experience of their application within the life assurance industry. Management and leadership skills are essential together with an ability to understand and communicate both compliance and business issues effectively at every level of the organisation. This challenging role offers ample scope for personal development and advancement.

The importance of the role will be reflected in the comprehensive salary and benefits package, including full relocation costs, available for the right candidate.

For an initial discussion, please contact Paul Wilson or Sue Lintern on 071 831 2000, or alternatively write to them, enclosing a detailed CV and quoting reference 206066, at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH. Fax: 071 405 9649.



Michael Page City  
International Recruitment Consultants  
London Paris Frankfurt Hong Kong Sydney

## COMMODITY TRADE FINANCE/ EMERGING MARKETS

**Upto c. £50K + Benefits**

Our client is a prestigious European bank with a well-established trade finance business. As a result of continuing growth, a requirement has arisen for two professionals to assist in the bank's expansion into India and the Far East.

Candidates should have several years experience in commodity trade finance, with medium/large customers, mainly short-term, (eg. back-to-back L/Cs) as well as specific market knowledge of India and the Far East as they will help originate new business in these areas.

Both individuals should demonstrate excellent communication skills and have an understanding of those local cultures/markets.

Please send your cv in strictest confidence to Michele MacPherson

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

JONATHAN WREN EXECUTIVE

## Asset and Liability Manager Premier Global Banking Group

**City**

**First rate salary and benefits**

Our client is one of the world's leading financial institutions with a global network of corporate, retail, investment banking and capital markets activities. Because of the size and diversity of business interests, effective Asset & Liability Management is central to the organisation's management process.

It is within this area that a need for an experienced Asset & Liability Manager has been identified, to focus on structural interest rate exposure and liquidity management and to advise on product and portfolio hedging/risk management strategies in support of the commercial banking businesses.

The profile demanded for this key appointment is an exacting one. Probably in your late twenties to mid-thirties, you will be an accountant, ideally ACT qualified, with at least two years capital markets experience.

You will display a thorough understanding of risk management techniques and have practical structural interest rate exposure management and product pricing experience. An accomplished communicator, it is essential that applicants are able to establish credibility at a senior level and personal qualities such as authority, intellectual rigour and diplomacy, first rate analytical and business skills are also prerequisite.

Salary will not be a constraint for the right candidate and will reflect the high calibre candidate we wish to attract. This will be supported by a full range of benefits.

For an initial confidential discussion, interested applicants should contact Karen Gay at Michael Page City, on 071 831 2000 quoting reference 208211. Alternatively, write to her enclosing career/salary details at Page House, 39-41 Parker Street, London WC2B 5LH.



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London Paris Frankfurt Hong Kong Sydney

## WORLD RENOWNED US INVESTMENT BANK

### Associate

**A proactive analytical role, identifying opportunities for the Bank to market a range of products including corporate finance and capital markets.**

**London**

**£ Excellent**

Our client is a premier US investment bank. It is a leading player in the major financial markets, including derivatives and all types of specialised financing. The need has arisen to recruit two Associates into an analytical group which manages a number of existing client relationships and supports the marketing of the Bank's products to prospective corporate clients.

The team focuses on major European corporates and is responsible for:

- assessing the overall risks of undertaking business with clients;
- reviewing the structures of existing commitments and ensuring new commitments are executed;
- visiting and maintaining relationships with clients;
- identifying potential opportunities for new business.

This involves rigorous analysis of the clients' financials and broader issues such as client strategy, industry developments and economic climate. In addition, the Associates will work closely with senior team members and product specialists to gain a thorough

understanding of all the Bank's products and services in order to support the marketing efforts.

The successful candidates will be graduates with a minimum of three years banking experience and a very strong background in corporate analysis. This experience may have been gained in a variety of different areas including corporate finance or credit. Applicants should be highly motivated with a keen desire to learn. These appointments will provide an excellent opportunity to be involved in a variety of complex transactions. Given the high profile, candidates should be committed, professional and have well developed interpersonal skills.

This is an exceptional opportunity for ambitious individuals who are looking for rewarding careers in a dynamic environment. The appointments will involve considerable client contact and a broad exposure across the Bank.

Interested candidates should contact Karina Pitsch on 071 831 2000 or write to her enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 071 405 9649.



Michael Page City  
International Recruitment Consultants  
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## European Industry Specialists

**London-based**

A unique and unusual opportunity exists to join the Industry Research Department of a highly prestigious investment bank. Our client currently seeks a number of sector specialists to help build first class industry expertise in the utilities, natural resources/mining and oil & gas industries with the goal of identifying superior investment opportunities and generating corporate finance and advisory business for the bank.

Candidates should demonstrate an in-depth knowledge of the relevant sector, gained over several years in industry, banking or related fields, coupled with strong analytical and presentational skills. They will have first class academic qualifications and an energetic, team-orientated and entrepreneurial approach. Languages would be an advantage.

**Applicants should send their CV details to:**

BG Selection, 1 Founders Court, Lothbury, London EC2R 7HD  
Telephone 071-929 7770

Ref: ABL 2/11

## The Top Opportunities Section For Senior Management Appointments

For advertising information call:

Phillip Wrigley on +44 71 873 3351

**Superb opportunity for a young analyst/fund manager to have an influential role in a collegiate environment**

## Fund Manager UK Equities

**Global Fund Management Institution**

Our client is one of the largest independent investment management organisations in the world with funds under management in excess of £45 billion. They provide a wide range of products and services, in both institutional and retail markets globally. As a result of a re-organisation within their European operation an exceptional opportunity has arisen for a Fund Manager to join the UK equity team.

Reporting to the Head of UK Equities, the individual will be responsible for managing a range of portfolio's and providing both strategic views and analytical support upon sector specialists. The candidate will also frequently attend and contribute to stock and strategy meetings.

Candidates should have between two and four years investment management experience which should ideally include company analysis. The individual will most likely be a numerate graduate and possess good verbal and written communication skills. It is vital that this is combined with an in-depth knowledge of a top-down investment process and a thorough understanding of UK stocks.

This position is an excellent opportunity for a confident, enthusiastic individual who can excel working in a professional, collegiate environment.

Interested applicants should write to Elizabeth Arthur or Paul Wilson enclosing a curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 071 405 9649.



Michael Page City  
International Recruitment Consultants  
London Paris Frankfurt Hong Kong Sydney

## Senior Quantitative Analyst

City

£ Excellent Package

Our client is one of the world's largest independent investment management groups with assets under management of over £45 billion. Their success has been based upon a culture of technical excellence and product innovation in an environment underpinned by quantitative analysis and research.

To maintain the momentum of growth through product innovation they now seek to strengthen the team with the appointment of an experienced quantitative analyst who will focus on the development of investment products as well as assuring adherence to the highest operational quality standards.

Your academic qualifications are likely to extend to a further degree (MSc or PhD) in mathematics, engineering or the physical sciences. The role demands that you should display aptitude in the application of quantitative techniques to investment management and possess strong programming skills in C and FORTRAN. It is likely that you will have worked in an investment environment.

This is a challenging opportunity for a high calibre graduate with advanced quantitative

skills to join a talented and entrepreneurial team. In addition to originating new applications of current theory you must have a sound knowledge of the numerical methods and optimisation routines which are common to quantitative applications. Finally, you will need to combine a creative instinct with a desire to realise the promise of technical advances in conjunction with a team of experienced professionals.

The potential of the position will be apparent upon meeting our client, whose approach contrasts with that of many institutions in offering involvement in a wide range of pivotal functions and encouraging stewardship of product development from conception to implementation.

Given the combination of talents, your prospects will be excellent in an organisation committed to a progressive remuneration policy designed to attract and retain key individuals.

If you think you can meet this challenge please write with full career and salary details to Karen Gay or Elizabeth Arthur at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page City

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London Paris Frankfurt Hong Kong Sydney

## OIL SUPPLY ANALYST

The opportunity to train as a crude oil trader with a major oil company in London.

The company is a major oil and gas producer. It's supply and trading group is responsible for trading crude oil and condensate on the world markets. It maintains offices in several of the world's key financial centres to carry out these tasks.

You would be joining a small London team that is responsible for supply and trading activities in Europe, Africa and the Middle East. Initially your role will be to analyse crude oil markets and to administer trading agreements. As your skills and knowledge develop you will progress to negotiating and executing trading deals.

To be a candidate, you should be a graduate in an engineering or business related subject. You should also have around five years petroleum industry experience, mainly in the supply side of the business. The company offers an attractive salary and benefits package. To apply, please write to:

**Damien McCawley, SMCL Oil & Gas Limited, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP. Tel: 0171 222 7733 or Fax: 0171 222 3445.**



## INVESTMENT ANALYST UK EQUITIES

Competitive Salary & Bonus + Benefits

Our client is a major European investment house with over \$9 billion managed on behalf of institutional clients. An opportunity has arisen for a UK equities analyst to join their European analysts team in London.

The analyst will work in a close-knit team and will be expected to undertake the financial analysis of quoted UK companies, make regular assessments of these companies and report back to the fund manager. This role offers the opportunity to develop skills which would lead to an eventual fund management role in the future.

Candidates will be aged 23/27, have strong report writing and pc skills and ideally be educated to degree level.

For further information please contact Trevor Robinson on 071 623 1266

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No. 1 New Street, London EC2M 4TF Telephone 071-623 1266 Facsimile 071-626 5259

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PEPs &  
Unit Trusts

North of England

Attractive  
Package

**THEAKER  
MONROE  
NEWMAN**  
RECRUITMENT & PERSONNEL  
CONSULTANTS

## DEPUTY ADMINISTRATION MANAGER

This is an excellent opportunity to develop your career. Our client, a well-known and long-established organisation, provides a wide range of insurance and investment services including a highly successful PEPs and Unit Trusts operation. The company operates its own dealing, registration and trust accounting functions and has now decided to make a new appointment to further enhance its levels of customer service.

As Deputy Administration Manager, your key tasks will include reviewing and monitoring procedures to ensure compliance with regulatory requirements, implementing new systems and providing leadership to the administrative team. However, you will also assume responsibility for a number of key projects as well as assisting and deputising for the Head of Administration.

You are probably 27-35, a graduate and with at least five years' experience in PEP/UIT Trust dealing with a progressive company. You must have a good knowledge of IMRO/UITA regulations, whilst accountancy and/or systems skills would be particularly useful. Most importantly, however, you must have well-developed managerial and interpersonal skills and have the vision, energy and ability to make a real contribution to the business.

The company offers a flexible remuneration package incorporating 'menu-style' benefits. Relocation assistance is available if required. Please send your CV, quoting current salary and ref. 3783 to Theaker Monro & Newman Financial Appointments, Regency Court, 62-66 Deansgate, Manchester, M3 2EN (061 832 0033). Please note that replies will be forwarded directly to our client. Please list separately any companies to which your details may not be sent.

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## Global Fund Management

## Manager, Investment Operations

An international fund manager, with an excellent performance record and recent rapid growth in assets under management wishes to enhance the operations function. This presents an opportunity for a technology innovator to provide support for the next growth phase, with prospects for acquiring ownership.

### THE APPOINTMENT

Assume responsibility for settlements, transaction processing, portfolio valuation, client and custodian liaison.

Introduce new systems and technology to support future growth and control risk.

Provide leadership to the operating function.

Develop solutions to support new business activities.

Please apply in writing with a full CV and current salary details to Mark Wilkes.

### THE REQUIREMENT

Graduate aged 30-35 with a minimum of three years experience in managing operations.

Change management skills with a track record of effective implementation of significant operational change.

A technology innovator with a strong understanding of IT solutions.

Broad knowledge of international bond, equity and derivative markets gained in fund management or a related activity.

K/F Associates, 252 Regent Street, London W1R 5DA, quoting ref: 90804/A.

**K/F ASSOCIATES**

Selection & Search

## Investment Communications Manager

CITY BASED

With over £14 billion of assets under management worldwide, Friends Provident is one of the most progressive and successful insurance and investment companies in the UK today.

In this high-profile role, your brief will be to develop and manage an effective investment communications function to support existing and new sales channels, the Investment Division and other company departments. This will involve providing an accurate and responsive information service, controlling the Broker Desk, and managing a range of investment publications.

Ideally, you will be educated to degree or equivalent level and possess an appropriate investment or marketing professional qualification. You should have around 10 years' relevant

experience gained with a product provider, investment house or IFA. A combination of credible investment knowledge and excellent communication skills - including copywriting and publications experience - must be supported by good interpersonal skills and the ability to manage and develop a newly-established unit.

In return for your skills, we are offering a competitive salary and benefits package including mortgage subsidy scheme, non-contributory pension, and relocation assistance where appropriate.

To apply, please send your CV to Eileen Michael, Personnel Officer, Friends' Provident Life Office, United Kingdom House, Castle Street, Salisbury SP1 3SH.

**FRIENDS PROVIDENT**

## FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world.

For information on rates and further details please telephone:  
**Philip Wrigley on +44 71 873 3351**

## EQUITY DERIVATIVES

London

£ Excellent + Benefits

Our client is a recognised leader in the fixed income and equity markets and draws on the expertise of over 2,000 people from over 30 countries around the world based in London, Paris, New York, Tokyo, Frankfurt, Singapore and other offices. It provides a comprehensive range

of products and services in the primary and secondary bond and equity markets, currency and interest rate swaps and options, fixed income and equity derivative products and specialised instruments.

To maintain its leading edge, a specialist research unit has been created to work in conjunction with the Equity and Equity Derivatives sales team in the dealing room.

On behalf of our client we are seeking to recruit a Sales Strategist/Researcher to help build and develop this new unit. The successful candidate will be a graduate with a minimum of two years' experience in sales, trading or research within a respected bank or financial institution, ideally in an equity-linked area. In addition to a good understanding of the global equities market, he/she must have strong numerical and technical skills and, most importantly, the ability to market and communicate ideas. A knowledge of equity derivatives or other derivative products will be beneficial.

For an initial discussion in confidence please contact Kate Griffiths-Lambeth on 071 493 3236 or write to her at Kiddy and Partners (Search & Selection) Ltd., 26 Harcourt House, 19 Cavendish Square, London W1M 9AB (fax 071 493 4712).

**Kiddy**

## EMERGING MARKETS TRADER/BRAZIL

Cargill's Financial Markets Division seeks a senior trader for its proprietary trading desk in Sao Paulo, Brazil. Primary responsibility is to build a relative value, fixed income arbitrage business in the domestic Brazilian market. The candidate would work closely with the fixed income and money market group and help develop and execute cash, foreign exchange, and interest rate derivative and arbitrage strategies.

Qualified candidates will have:

- minimum of 4 years relative value trading experience in international markets (USA and/or Europe)
- derivative & foreign exchange trading experience
- excellent analytical capabilities and computer skills
- fluent in Portuguese and English

Interested & qualified applicants should send a letter, resume & compensation expectations to:

Ann Marie Dresser  
Cargill, Inc.  
P.O. Box 5853  
Minneapolis, MN 55440  
Fax 612-742-3921

Cargill, Inc.  
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## BUSINESS ANALYST

CITY

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**Sumitomo Trust  
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We are a progressive Japanese Bank at the forefront of international commercial banking.

This newly created position within our corporate finance division offers an exciting opportunity.

The postholder will be responsible for identifying potential lending opportunities in a range of areas and for carrying out appropriate financial research and analysis including business reviews and projections as well as country-risk where appropriate.

Applicants should have a relevant professional qualification, be computer literate and preferably be a graduate. Of paramount importance is having had at least three years experience of financial analysis and report writing gained within a structured business environment, not necessarily in banking.

Please send your CV, together with a note of your current salary to:  
Dominic Grealy, Personnel Manager, Sumitomo Trust & Banking Co., Ltd, 155, Bishopsgate, LONDON EC2M 3XU (No Agencies, No Faxes)

### SPOT F.X.

Position is available at a UK investment bank for a senior Foreign Exchange trader to head up the European currency desk. The successful candidate should have gained a minimum of 5 years experience in FXN-Trades. As well as managerial duties the role will involve market-making and strategic position taking.

### FORWARD F.X.

Active market participant requires a specialist Forward FX dealer with 4 years experience running a Euro currency book. Candidates aged 25-35 will have a stable career history and must be proficient with Arbitrage techniques. Working knowledge of Off-Balance Sheet instruments would be an advantage.

### OFF-BALANCE SHEET

First class international bank wishes to appoint a senior Off-Balance Sheet trader with expertise in FRA's, Futures, Swaps & Options in the major currencies. Position would suit a candidate with 5 years experience in a managerial capacity. Responsibilities are to include proactive trading in Loans & Deposits and arbitrating Off-Balance Sheet products.

### CORPORATE F.X.

Top US bank is seeking an experienced FX Sales dealer. The role will involve marketing and servicing clients with the full range of Treasury products. Graduates aged 25 to 32 are preferred. Fluency in French or German would be of benefit.

### FOREX Selection

Treasury Recruitment

Please call Anthony Iern or write in confidence quoting ref: A12061.

Tel: 071-369 0369,  
36 Cornhill,  
London, EC3V 3PG.

مكتبة النجف



## RELATIONSHIP MANAGER

Kuwait Market

London

The Citibank Private Bank is one of the world's largest and most reputable, offering its clients the full resource of an unparalleled global network. We now seek a highly motivated Kuwait specialist, based in London, to provide advice and support to financially sophisticated Kuwaiti clients. The objective is to build profit through building effective relationships. The method: there is considerable autonomy to develop and implement your own strategies for success.

To apply, please write with career details to: **Joanne Noble, Senior Personnel Officer, Citibank Private Banking Group, 41 Berkeley Square, London W1J 8NA.**

While you may not have a background in private banking, you will have a sound knowledge of banking products, proven marketing skills and the ability to communicate effectively. Success will also depend on high levels of self-motivation and integrity.

This is a rare opportunity which demands the skills of an exceptional individual. Consequently, the rewards are high - a generous basic salary will be complemented by a significant performance-related bonus and full banking benefits.

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## LEADING EUROPEAN BANK CORPORATE FINANCE ADVISOR

LONDON

Widely acknowledged as one of the world's leading diversified banking groups, our client has an extensive network of international operations. The company provides a broad spectrum of financial services in corporate banking, capital market activities, asset management and corporate finance.

The London advisory department has responsibility for the generation and execution of mergers and acquisitions, primarily cross-border, and other financial advisory work.

The department comprises a highly professional and multi-disciplined team which offers advice to a wide range of companies internationally.

There now exists a need to recruit a further high-calibre individual to work within this international team. The successful candidate will have one of the following backgrounds:

- an existing analyst/associate with up to 2 years' relevant experience in a leading investment bank
  - a qualified accountant or lawyer with up to 2 years' post qualification experience
  - a strategic management consultant or other professional with relevant experience and a strong business qualification
- The ideal candidate will relish the challenge of international client contact, exposure to high profile transactions and

EXCELLENT PACKAGE

extensive personal development. Additionally, candidates will have a strong academic background, combined with fluency in both spoken and written English and in at least one other European language.

In return the position carries a highly attractive remuneration package.

This assignment is being handled exclusively by Nicola Will and Simon Hankey (Legal Division) on behalf of **Robert Walters Associates**. For further information please contact them on 071 379 3333 (confidential fax 071 915 8711), or write to them at 25 Bedford Street, London WC2E 9HP.

**ROBERT WALTERS ASSOCIATES**

## COMMERCIAL DEVELOPMENT ANALYST

Acquisitions and Organic Growth

**Wholesale Banking London**

Our client, a big wholesale bank, is consistently profitable, very ambitious and is looking systematically at how to broaden its base to increase the stream of high quality profits.

From the mini avalanche of ideas being generated, priorities need to be established. Significant profit increases via acquisitions of complementary businesses are likely to precede, and then run in tandem with the rigorous analysis of organic growth ideas which include a number of innovative concepts e.g. whole sale fund management.

Do you have the analytical ability, experience, people skills and commercial acumen to join a small, motivated team and be a catalyst to work on these ideas; decide what is realistic and achieve the desired results? A 2:1 degree plus an MBA/professional qualification are likely to be prerequisites. Diplomacy, determination and the ability to progress a number of projects simultaneously must be evident.

Intigued to know more? Then please write in sufficient detail (one page plus) to convince me that you are not a "maverick" and that we should talk and/or meet to explore these possibilities.

Please write to: **Peter Williamson, Quoting reference number 877.**

## Credit Manager

Our client is a major U.S. based energy company and a leader in its field. Through a strategy of diversification, they are becoming the most innovative provider of energy on a global basis.

The Credit Manager/Europe will be responsible for implementing credit policies and procedures and be proactive in the credit decision process. This ground floor opportunity offers significant potential for an individual who has 5-10 years experience, with a solid foundation in credit analysis and exposure to derivative products.

Total compensation will be competitive and includes a base salary of up to 75 thousand pounds, significant bonus potential and generous benefit package.

Please write to Box A2189, Financial Times, One Southwark Bridge, London SE1 9HL.

## APPOINTMENTS WANTED

Japanese lady, diplomatic family, connected top levels of Japanese business seeks appointment with distinguished London-based financial house. Educated Queen's College, Bitter English, Japanese, good French and German. In house marketing experience, and consistent record of achievement since working as p.a. to the late Marquess of Exeter, Tokyo Olympic Games - 1964. Immediate availability, and schedule includes Christmas visit, Japan. Can build business, explain cultural differences, and act as eyes and ears of financial partnership and/or CEO.

Phone now: 071 435 8269.

## LEADING BUSINESS DEVELOPMENT AMONG CORPORATE AND COMMERCIAL CUSTOMERS

The Royal Bank of Scotland is one of the UK's most dynamic and fast-growing financial services groups. Our

A proven track record of achievement at senior management level is essential, which includes impressive successes in business development activity.

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You will be responsible for leading and developing a multi-disciplinary team dedicated to attracting and developing profitable new business within your region. Your role will involve controlling all local marketing activity, fostering relationships with financial intermediaries and raising the profile and image of the Bank throughout your region. Building and consolidating a network of contacts and leads, you will aim to become a principal point of contact for new and established businesses.

Sound technical knowledge of commercial and corporate banking (which includes innovative structuring of funding packages) must be matched by the excellent interpersonal skills and personal credibility necessary to foster constructive relationships with senior decision-makers.

Your contribution to the Bank's growth in this key business area will be recognised and well rewarded. Salary will be supported by a comprehensive range of financial-sector benefits, and relocation may be available. There is excellent scope for career development.

To apply, please send a full cv, including current salary details to: David Thick, Senior Personnel Manager, The Royal Bank of Scotland plc, Regents House, 42 Islington High Street, London N1 8XL stating clearly your preferred location.



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Committed to Equal Opportunities

## INSTITUTIONAL SALES & BROKING

Our client has an internationally respected business in the emerging markets investment trusts and closed end funds sectors, backed by first-class research. They gain a significant part of their business outside the UK.

As part of the current development plan, the institutional sales team will be expanded progressively over the next 6 months.

Our ideal is to recruit individuals who are wholly dedicated to selling and receiving commensurately geared financial rewards. The ability to motivate

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Fax: 071-976 1116

UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

Please telephone or write quoting reference no. 876FT, in the strictest confidence, to Gemma Jenkin.

## UK LEASE MARKETING

A major bank seeks two marketing orientated graduates aged 28-35 years, who can demonstrate success to date in sourcing structuring UK tax based leasing transactions in the £1M - £15 Million plus range. Neg £25-£50,000 + Benefits

**SENIOR UK CORPORATE MARKETING**

This bank seeks a graduate banker currently employed in a senior business development role within a major bank. Candidates must be aged 35-38 years strongly marketing orientated and have experience of marketing to both top UK and European corporates. Neg £50-£60,000 + Benefits

**UK CORPORATE LENDER**

Graduate ACIB aged 30-35 years with sound credit skills and at least 2/3 years business development experience ideally covering food/breweries sectors. To £45,000

**SALES TRADING AND RESEARCH (EUROPEAN EQUITIES)**

A European bank seeks two staff ideally experienced in the (i) Sales/Trading and (ii) Research of equities (Austrian, Hungarian & Czechoslovakian ideally). Relevant language skills essential in the Research position. Salaries £40,000 + Benefits

Please send detailed CV's to BRIAN GOOCH or EDWIN LAWRIE

OLD BROAD STREET BUREAU 65 London Wall, London EC2M 3TU  
Search & Selection Consultants Tel: 071-586 3691 Fax: 071-586 9012

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Sheffield International Limited are a specialist international headhunter. We wish to strengthen our team with the recruitment of three additional professionals to specialise in the following sectors for our City based and international financial services clients:

**Institutional Equity Research & Sales  
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Finance, Administration & IT**

Each consultant will have come from a financial services industry background and have had successful professional working experience in the sectors they will be covering. Each will also be a sound, effective and professional business generator as well as capable of executing retained assignment in a successful, thorough and rigorous manner.

Please apply in writing to: **Sheffield International Limited, Alderman House, 10 - 15 Queen Street**

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SE1 9HL

## L.C.F Edmond de Rothschild Securities Ltd EQUITY MARKET MAKER

LCF Edmond de Rothschild Securities Ltd, a leading specialist in emerging market country funds, is looking for another market-maker. The successful candidate will be expected to have at least two years experience although these need not have been in emerging markets. He/she will need to be SEAO and SFA registered and have experience of dealing with institutional client orders.

Applicants should send their CV's with a covering letter to Peter Regan, LCF Edmond de Rothschild Securities Limited, Orion House, 5 Upper St. Martin's Lane, London WC2H 9EA.

All enquiries will be treated in the strictest confidence.

## EUROPEAN RELATIONSHIP MANAGER

I/B/E/S are leaders in global investment research and the recognised authority for corporate earnings forecast information.

We seek an enthusiastic, confident, congenial individual, in his or her early 20s, to support and grow our relationships with the investment research community in the UK and Continental Europe.

The successful degree-calibre candidate will have a strong financial background, proven sales ability to the equity investment industry, and a willingness to travel 12-15 weeks per year. Foreign language skills, MBA or CFA study are pluses.

I/B/E/S offers an attractive results-oriented package of basic salary plus commission, as well as excellent career prospects. Please write to:

**Asad Sultan, I/B/E/S (UK) Limited, PO Box 200, Cottons Centre, Hays Lane, London SE1 2QT.**

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## Fixed Income Analyst

Outstanding opportunity to join one of the world's premier Fixed Income advisors. Research worldwide fixed income and currency markets and assist Portfolio Managers/Senior Relationship Managers in devising innovative ways to communicate investment strategy, portfolio risk, market risk, and the value of active bond management to clients, consultants and prospects.

Graduate in finance, economics, or engineering with high degree of computer literacy and knowledge of fixed income markets. Excellent remuneration. London EC3.

Please send CV to Jonathan Jay, Jay Curtis Elliott, 200 Tottenham Court Road, London W1P 9LA.

**Jay Curtis Elliott**

## Schroders

## Outstanding Opportunities in Central and East European Investment Banking

Schroders is one of the world's premier international investment banking groups, with a highly-successful track record.

Due to high levels of business, exceptional opportunities have arisen for people experienced in working in Central and Eastern Europe. Schroders' International Finance Division has a well-established position in the region, having completed a number of transactions for Governments and local and Western companies on privatisations, acquisitions and capital raisings. It has a subsidiary in Warsaw and offices in Budapest and Prague.

Candidates are likely to be aged 24-30, with a professional qualification, and to have gained 2-5 years' experience with an international investment bank or accounting firm, some of it in Central or Eastern Europe. Fluency in Hungarian is essential for one of the positions available. The positions are based in London, but you should expect to travel extensively overseas.

Generous remuneration and benefits packages for these challenging roles will be available, commensurate with the candidates' experience and qualifications.

Interested applicants should write, enclosing a brief resume, to Rachel Harry, Personnel Department, Schroders, 120 Cheapside, London EC2V 6DS.

## MANAGER - CASH MANAGEMENT

City to £35,000 + Bonus

Aged 30/35, of graduate calibre, highly PC proficient and ideally qualified in banking or accountancy, you should have demonstrable ability in the management of operational staff engaged in cash and liquidity management preferably within a large securities house.

Primary responsibilities include ensuring that daily funding/deposit requirements are effected, managing the firm's multi-currency bank accounts and effecting all Treasury payments and receipts, the majority of which pass through SWIFT.

Our client is a major global securities firm with a strong London presence. Cash Management performs a key role within a fast paced Treasury department which is committed to further development of its capabilities. This new appointment arises as a result of the promotion of the present incumbent to whom the position will report.

If you match the profile needed to handle this demanding role, contact Lawrence Lock at CARRINGTON HEATH, City Business Centre, 2 London Wall Buildings, London EC2M 5PP, quoting ref. 149173 Telephone 071 628 4200 Fax 0438 376724

**CARRINGTON HEATH**  
EXECUTIVE SEARCH & SELECTION

Resource-based accrual accounting in all government departments is Clarke's aim, says **Jim Kelly**

The present system for government

- A description of non-cash items such as depreciation of assets, superannuation and insurance.

"Quiet apart from highlighting the extent to which we are running down or investing in public assets it may encourage more rational decisions about the appropriate level of public borrowing."

ing the shift to accrual accounting can be. The Cipfa conference touches on some others: for example, if a department's accounts are consolidated why should the financial affairs of a quango not be included on the balance sheet? **2. What are the costs**

When the dust settles the chancellor may well prove to have been right in his uncharacteristically grand evaluation of the effects of applying simple, old-fashioned, accrual accounting to the affairs of modern government.

KMA (Sept 77) 1-11

***If you are aged 30 - 45, self-motivated, enthusiastic, cannot achieve change and are seeking a challenging role, please send your CV to:***  
**Box A2188, Financial Times, One Southwark Bridge, London SE1 9HL.**



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Philip Wrigley on +44 71 873 3351 or Andrew Skarzynski on +44 71 873 4054

**Price Waterhouse**

Although highly challenging in itself, this opportunity provides a solid basis for further career enhancement within the group. Financial conditions are excellent and include bonus potential and a car.



## EUROPEAN TREASURY MANAGER

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- General Electric USA is a leading multinational corporation with consolidated revenues exceeding \$60 billion. GE's European presence has grown rapidly as a result of acquisitions and Europe now contributes over \$9 billion to total revenues.
- The London based treasury department has centralised European cash management for 7 key countries using GE's own highly sophisticated system.
- The European Treasury Manager will have responsibility for extending this structure to other countries, for automatic banking procedures, making short-term investment decisions and setting up a European funding programme.

- ACA/ACMA or MBA with at least 5 years' experience in corporate treasury and/or relevant consulting experience with a major firm. An understanding of the potential of treasury software and the interface between treasury/banking systems will be important.
- A self-motivated, self-confident, imaginative individual with excellent presentation skills. Must be fluent in English, preferably with French, German or Spanish as a second language.
- This highly visible position offers scope to make a real contribution, with excellent prospects for career progression within the group.



Please apply in writing quoting reference 813  
with full career and salary details to:  
Nigel Bates  
Whitehead Selection Limited  
43 Welbeck Street, London W1M 7HF  
Tel: 071 657 8756

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c. £65,000 +  
bonus + benefits

International Process  
Engineering Group

Cheshire

## Finance Director

Our client is a major division of a quoted UK Engineering Group currently undergoing one of the most significant turnarounds of the 1990s. Challenging role as a key member of a new management team tasked with using the company's worldwide reputation for technical excellence and first-class quality to build a growing and highly profitable business.

## THE ROLE

- Supporting the Managing Director in the commercial development of the business worldwide, evaluating synergistic opportunities which maximise technical and geographical opportunities.
- Involvement in the review of proposals and contracts, working with the operating company boards and the UK finance team, to establish and develop international financial controls as well as financial policy.
- Ensuring tight financial management of the business, establishing sound cash management and project appraisal processes to support significant planned organic growth.

## THE QUALIFICATIONS

- Resolute and resilient graduate accountant, aged 35-45, with first-class financial analysis and treasury skills gained in an international manufacturing or contracting business.
- Proven track record of contributing to establishing a coherent international business strategy.
- Supportive hands-on team member and pragmatic self-starter with toughness, energy and determination. Credible at Board level, able to handle complex negotiations and capable of progressing further.

Leeds 0532 307774  
London 071 493 1236  
Manchester 061 499 1700

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Spencer Stuart

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London W2 2ZJ

## FINANCIAL CONTROLLER

NORTH OXFORDSHIRE

£35-40,000 + F/E CAR

An outstanding commitment to quality of customer service has enabled this company to become the UK's leading mobile phone service provider. This, together with impartial advice made possible by offering connection to any one of the four networks, has resulted in a highly successful growth rate in recent years.

An opportunity for a financial controller to join a highly-motivated, lean finance team has arisen. Reporting to the Finance Director, day-to-day responsibility for the financial management and reporting of the business will be the key focus of the role.

The diversity of distribution channel, type of customer and range of services provided make for a complex accounting function where a detailed grasp and control of the nominal ledger is required.

A sharp mind and commercial approach is vital, together with a sound appreciation of a customer service driven finance function. Hence exposure to a high volume, customer driven business sector will be advantageous.

The successful candidate will be a qualified accountant, aged early to late 30s with a confident, lively personality.

Energy and enthusiasm combined with an eye for detail are essential.

A comprehensive benefits package together with relocation assistance, where necessary, will be provided.

Interested candidates who feel they meet these requirements should forward a detailed CV, stating current salary, to **Andrea Black** at **Robert Walters Associates**, 42 Thames Street, Windsor, Berkshire, SL4 1PR. Fax: 0753 678908. Tel: 0753 831515.

**ROBERT WALTERS ASSOCIATES**

## FINANCIAL DIRECTOR

Yorkshire

to £60k plus car

Well-established in the financial services sector, our client has a particular reputation in pensions and benefits management, and is planning for substantial growth over the next decade.

Crucial to the success of this strategy will be the appointment of a Financial Director able to work closely with the M.D. on corporate development, and lead the function - in which treasury features strongly - in supporting and enhancing the business.

Candidates should have held a senior role with a sizeable organisation and will have a broad-ranging career history that includes treasury and contracts exposure, and demonstrates a strategic and commercial orientation. A degree and accounting qualification are essential; the preferred age range is 35 to 45.

Applications, please, in strictest confidence and quoting Ref. No. 969/1 to AGC Consultants Limited, 26-28 Bedford Row, London, WC1R 4HF.

**AGC**  
SELECTION

## CORPORATE FINANCE - SENIOR AUDITOR

London

£Excellent + Car + Bank Benefits

For further information  
please contact our  
advising consultant  
**Richard Williams** at  
Executive Connections  
on 071-242 8163,  
or send him your  
CV by post to  
43 Eagle Street,  
London W1R 4AP  
or fax on 071 872 0083.

With a record net income of \$2.2 billion for last year, Citibank is one of the world's leading financial institutions. It provides a comprehensive range of financial products and services to corporate, institutional and individual customers around the globe.

Citibank's Corporate Finance and Capital Markets businesses offer a full range of services to an international blue chip client base. Products include structured finance, capital instruments, specialised leasing and asset defeasance, asset securitisation, venture capital, M&A, underwriting, loan syndication and asset trading. Transactions are invariably cross border in scope and often have significant tax and accounting implications.

As a key member of the audit team focusing on the bank's Corporate Finance and Capital Markets activities, you must

swiftly develop an intimate understanding of the operations, issues and risks associated with the business. This appreciation, together with close liaison with the bank's management, will enable you to add maximum value to the reviews undertaken. This is a new role with considerable scope for development and opportunities to make a positive contribution to the evolution of the business. Career prospects are excellent.

Citibank wishes to recruit a commercially aware individual with the self confidence to quickly establish their credibility with senior management. You should also be a graduate ACA with three to five years PQE obtained in either Public Practice (in a Corporate Finance, Tax or Bank Audit department) or another Investment Bank.

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## EUROPA



EUROPA FREIGHT CORPORATION is one of the fastest growing distribution groups in Europe. Their turnover (now £63m) has more than doubled over the last four years. Operating within the highly competitive fields of worldwide logistics and European express freight their market share has increased through their consistent provision of a reliable and total quality service. An excellent record of profitability combined with a strong Balance Sheet underpins their commitment to continued expansion of their European and UK infrastructure.

They now wish to make two key appointments:

## P.A. To Group Managing Director

Erith, Kent

from £35,000 + car

Reporting directly to the MD you will be responsible for carrying out important commercial and operational projects throughout the UK and Europe to improve corporate profitability and quality standards. Candidates must be entrepreneurial business professionals - clear thinking and excellent communicators, with an MBA or similar qualification. Knowledge of French, German or Italian would be desirable but not essential. (Ref. P.A.)

## Finance Director (Designate)

Brussels

c. £38,000 + car

Reporting jointly to the local Managing Director with functional responsibilities to the Group Finance Director this position encompasses all finance and administration for the strategically important Benelux region. In addition to the preparation of financial and management accounting information, you will support the Managing Director in commercial decision making processes, and deputise for him in his absence. Candidates with ACA/ACCA/ACMA should have at least five years PQE, and excellent man management skills. Fluency in French and English is essential and a knowledge of Flemish would be very desirable. (Ref. F.D.)

For further information please contact David Howell at Executive Match on 44 (0)71 872 5544 (out of hours 44 (0)81 878 1410) or write to him, quoting the relevant reference, at Executive Match, 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW. Fax 44 (0)71 753 2745.

## HEAD OF UK FINANCE

Guildford

££ Competitive Package

Clyde & Co is an international law firm with 88 partners and 600 staff worldwide. As well as three UK offices, we have branches in the Middle East, Far East and Latin America and associated offices in Paris and St. Petersburg. Whilst the firm has a thriving, broad-based commercial practice, its expertise and reputation are unparalleled in the core areas of shipping, international trade and insurance litigation.

Due to a reorganisation, we are now looking to strengthen our Finance team by appointing a high calibre Chartered Accountant to take on the new role of Head of UK Finance. Working primarily in our Guildford office, where the Accounts function is based, the appointee will report to the Chief Executive and the Finance Partner. In addition to being in charge of the Accounts Department, he/she will be responsible for management accounts and information, the preparation of monthly accounts and statistics, annual accounts and projections for the UK offices and consolidations for the overseas offices. He/she will also deal with tax and audit-related queries and prepare regular cashflows for both bank and internal purposes.

This will be a key, high-profile position within the firm and the ideal candidate will be an ambitious, energetic individual, probably in his/her mid-thirties, with proven management skills and accounting expertise gained in an international professional firm. Strong business acumen and the ability to communicate effectively with the partnership on a diverse range of financial and strategic issues are essential. The rewards for such a person will be very competitive.

Interested applicants should write, enclosing a full CV and stating current salary, to Fiona Cass, Recruitment Officer at Clyde & Co., 51 Escheap, London EC3M 1JP.

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AN INTERNATIONAL LAW FIRM

## Finance Director Imminent Flotation

### Central London

This is an exciting opportunity to join a Company which is planning a public flotation. Its main interests are in the mining of precious metals and it has a strong international focus.

The Finance Director will report to the Chief Executive and will be responsible for ensuring that the financial disciplines and reporting procedures are implemented to the required standard for a public company. Establishing and building relationships with institutional investors and advisors will be an integral part of the position. Naturally, the individual will be part of the main board and accordingly will be required to provide strategic and financial expertise.

The successful candidate will be a Chartered Accountant and should have had previous public company experience.

££70,000 + Options

Previous mining related experience preferred, but not essential. It is likely that he or she will be aged between 35 and 45, computer literate, with an ability to get tasks completed. International tax experience would be an advantage. The individual should also have the confidence and interpersonal skills to be an outstanding communicator.

The remuneration package which is dependent on experience, includes the chance to participate in the option scheme and the long term career opportunities are excellent.

To apply, please submit a detailed resume quoting reference number 9/1836 to Raj Munde at Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN. Fax No: 071 240 1052.

(Please respond before Tuesday 8 November)

**Morgan & Banks**  
INTERNATIONAL

## FINANCE MANAGER

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A wide ranging management role in a successful forward looking business

### THE COMPANY

- ☐ Well established Manufacturing Group with sites in the South East and South West of England.
- ☐ Impressive Blue Chip customer base.
- ☐ Strong growth and Profit record.

### THE POSITION

- ☐ Reporting to the Finance Director, you will be part of a strong well established management team.
- ☐ Day to day management of a centralised accounting and payroll department.
- ☐ Production of timely and accurate management accounts.

### THE PROFILE

- ☐ Qualified Accountant
- ☐ Aged 30 to 35 years.
- ☐ Several years post qualification experience preferably in a manufacturing environment
- ☐ Strong management and communication skills with the ability to lead and motivate people.
- ☐ Considerable experience of computerised financial systems.
- ☐ Commercial acumen.

If you are looking for a challenging role with excellent career prospects then please forward a comprehensive curriculum vitae and current remuneration details to:

Mrs C BROWN, HARLOW SHEET METAL PLC,  
ALLEN HOUSE, EDINBURGH WAY, HARLOW, ESSEX CM20 2HJ

## DERIVATIVES PRODUCT ANALYSIS AND SUPPORT

CITY

£32,000 TO £50,000 + CAR + BONUS + BENEFITS

The creative momentum of a multi-currency derivative products team at a leading US investment bank draws on an essential analytical support group.

Exceptional individuals who have the ambition to broaden their product knowledge and risk management skills will find this trader support function a stimulating challenge.

Providing financial support to the business, covering a wide range of products from swaps, interest rate and currency options to debt derivatives, you will experience a high level of trader liaison and exposure to senior management.

Responsibilities will include:

- risk management
- ongoing and proposed business strategies
- pricing policies
- new product development
- analysis of P/L movements

Probably aged 25-30, you will be a qualified accountant with at least two years' post qualification experience of a banking environment. A significant proportion of this time must have been spent within a product support function.

Alternatively, you may be working within the financial markets division of a "Big 6" accountancy practice. Strong interpersonal skills, a high degree of professionalism and the ability to work to tight deadlines will be essential. These high profile roles will also require the successful candidates to provide innovative solutions to business problems that arise.

For further information please contact Stephen Grant or David Twiddle at Robert Walters Associates on 071 379 3333 (confidential fax 071 915 8714) or write to them at 25 Bedford Street, London, WC2E 9HP.

ROBERT WALTERS ASSOCIATES

Plascoat

## FINANCIAL CONTROLLER

COMPETITIVE PACKAGE INCLUDING CAR

Plascoat, Europe's leading thermoplastic powder and coatings company with +£20m turnover, is seeking a qualified Financial Controller based at Farnham, Surrey. You will be a key member of the management team and be expected to provide strong financial leadership and commercial support to the multi-site operation, which include Dutch and French subsidiaries.

The successful candidate will have a minimum of 5 years post qualification experience in a manufacturing environment and be able to demonstrate analytical techniques together with a highly developed commercial awareness. An important part of the role is the continued development of the IT systems.

Please apply in writing, enclosing a full CV, including current salary details to: Mrs Christine Eaton, Personnel Manager, Plascoat International Limited, White Rose Court, Oriental Road, Woking, Surrey, GU22 7LG.

## LLOYD'S LLOYD'S OF LONDON Regulatory Accountants

City

£Competitive package

Lloyd's of London is a focal point for the world's insurance market and is currently effecting the most dramatic reforms in its 300 years' history. Enhanced regulation is central to the commitment to change.

The Brokers and Correspondents department is responsible for regulating the 200 brokerage firms operating in Lloyd's. They are currently seeking accountants who will be at the forefront of this drive for efficiency and modernisation.

You will join a team carrying out site visits of Lloyd's brokers. You can expect to liaise with senior figures, reviewing the effectiveness of management and the adequacy of finance, systems and procedures.

You will have a professional accounting qualification which has been gained in the last two years. A sound working knowledge of the Lloyd's markets and the principles and practice of Lloyd's regulation is essential. This knowledge will have come from working in the Lloyd's market or from auditing in Public Practice. Necessary skills include the ability to make considered judgements on complex issues and to communicate effectively and confidently both orally and in writing to all levels of management. Above all you are a team player.

For further information please contact Tom Vacher on 071 404 3155. Alternatively write, giving full details, to the address below. All enquiries will be treated in the strictest confidence. Any applications made directly to Lloyd's will be forwarded to Alderwick Peachell.

**Alderwick Peachell**

Alderwick Peachell Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071 404 3155. Fax: 071 404 0140.

## INNENLEITER - Stv. NIEDERLASSUNGLEITER Lombard North Central PLC Zweigniederlassung Frankfurt

Wir sind die deutsche Niederlassung eines der führenden Finanzdienstleistungsunternehmen Europas, das der National Westminster Bank Group angehört.

Wir erweitern unsere Aktivitäten in Deutschland und bieten für den Innenleiter und stellvertretenden Niederlassungsleiter eine interessante und herausfordernde Karriere.

Die Schwerpunkte dieser Führungsaufgabe bilden die Verantwortung für das Accounting, die Refinanzierung, das Berichts- und Steuerwesen sowie die Organisation. Sie werden dabei von einem kleinen, leistungsfähigen Team unterstützt und berichten direkt dem Niederlassungsleiter.

Wir suchen einen Bankkaufmann mit mehrjähriger Berufspraxis in den vorgenannten Bereichen. Ein wirtschaftswissenschaftliches Studium sowie Kenntnisse des Treasury-Managements, der englischen und deutschen GAAP wären von Vorteil, sind aber nicht Bedingung. Sichere deutsche Sprachkenntnisse in Wort und Schrift setzen wir jedoch in gleicher Weise voraus wie Einsatzfreude, Eigeninitiative, Durchsetzungsfähigkeit und gutes Kommunikationsverhalten.

Die Stelle ist mit den erforderlichen Kompetenzen ausgestattet und wird den Anforderungen entsprechend dotiert.

Bitte senden Sie Ihre aussagefähigen Bewerbungsunterlagen mit Gehaltsvorstellung und frühestmöglichem Eintrittstermin an:

Mrs Linda Hill, Personnel Manager, Lombard North Central PLC, 3 Princess Way, Redhill, Surrey RH1 1NP.

Applicants with a disability will be guaranteed an interview provided they are suitably qualified/experienced.

**Lombard**

BUSINESS FINANCE

A member of the National Westminster Bank group  
Lombard - Working to Achieve Equal Opportunities

## FINANCIAL CONTROLLER

Our client is a large multinational industrial group with a strong market presence. They employ over 40,000 people in more than 20 countries worldwide. For their operations in Poland they are looking for a:

WARSAW

This is a recently created position due to the Group becoming majority shareholder in a joint venture. The incumbent will report directly to the C.E.O. with a dotted line to the European Finance Director. The main brief of this function is to ensure that financial control within the local organisation (total sales: US\$ 11.0 million) meets group standards and provide management reporting information. Key tasks will include:

- Establish and operate treasury activities and ensure tax optimisation within Poland in collaboration with local and group management.
- To ensure that legal entity accounting meets the requirements of local fiscal and statutory bodies.
- All Financial control of branches and legal entities within the operating companies.
- Act as interface between banks, lawyers, auditors etc.

To succeed in this role the ideal candidate should have the following profile:

- A qualified graduate ACCA/CIMA/CACA or equivalent
- Between 3-5 years post-qualification experience gained in a multinational environment.
- Exposure to Polish legal entity reporting and current fiscal legislation.
- Familiar with computerised reporting packages.
- Fluent in Polish.

OUTSTANDING  
PACKAGE

This is an excellent opportunity for a dynamic 30-35 year old to impact on a rapidly evolving organisation. Career opportunities are unlimited both in Poland and internationally. First interviews will take place in London and Warsaw.

Interested candidates should contact Pasquale Mazzuca on 32-2-647.70.00 for an initial discussion. Alternatively they can send him their resume (Facsimile 32-2-647.70.30) to Nicholson International, Search & Selection Consultants, Avenue Louise 363, box 24, 1050 Brussels, Belgium, quoting reference BCL056.

Australia Czech Republic France Germany Holland Hungary Italy Poland Romania Russia Spain Turkey UK

**ni**

NICHOLSON  
INTERNATIONAL

## airJamaica AIR JAMAICA LIMITED - CHIEF FINANCIAL OFFICER

A Chief Financial Officer is required to coincide with the imminent privatisation of this National Carrier to be based at the Airlines' Head Office in Jamaica.

A CPA or similar qualification is essential and airline experience would be an advantage. An attractive salary and benefits package will be offered to the successful applicant.

Applications, together with full curriculum vitae, should be submitted in writing to the Chief Executive Officer, Air Jamaica Limited, 72-76 Harbour Street, Kingston, Jamaica, W1 or by fax to (809) 967-3125

## C. £40,000 West End FINANCIAL DIRECTOR 3D animation and production

EXCESS is the most advanced provider of Design, Graphics, 3D Animation and Digital Compositing in Europe. Following the opening of its new facility in Dean Street we are seeking a qualified accountant for this new role as a key member of the board. The role carries responsibility for all aspects of financial management of the business and the candidate should have the personality to be able to deal with clients from the media industry. Practical experience of commercial management in an operating company within a service business is likely to be an advantage. Candidates should be computer literate and capable of setting up effective systems for controlling all aspects of a growing business.

Applications to: C A Maxwell, Venture House, Davis Road,  
Chessington, Surrey. KT9 1TT

مكزامن النجمل



Coopers &amp; Lybrand Executive Resourcing

**Finance Director**

BERKSHIRE - M4 CORRIDOR

c £50,000 + EXECUTIVE BENEFITS

Our client is a worldwide leader in the provision of systems, products and services for the global transmission and management of data, voice and video networks, for corporations, government agencies, systems integrators and communication carriers. The autonomous and rapidly expanding UK operations, with revenues planned to exceed £17m, seek an experienced financial manager to strengthen its small, cohesive management team.

With total responsibility for the finance and accounting functions, priority will inevitably be to ensure tight financial control of all operational activities. Fundamental to this will be the need for firm cash management as well as developing systems capable of supporting and regulating a fast-moving and rapidly advancing organisation. You will also be required to play a key role in the decision-making process across all business activities, directly working with the operational management teams in optimising profit performance.

A graduate, qualified accountant, ideally with some European experience, you must be able to demonstrate the relevant level of technical skills, commercial maturity and vision necessary to succeed in this demanding environment. A track record of achievement in a commercially strong, market-led, high technology organisation is essential, as are the interpersonal skills and ability to positively influence at board level. You must also be equally capable of functioning at both a strategic level and in the detail necessary to drive operational issues forward and control associated costs.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE902 on both envelope and letter.

Coopers &amp; Lybrand Executive Resourcing

Guy's &amp; St Thomas' HOSPITAL TRUST

**Chief Accountant**

LONDON BRIDGE/WATERLOO

c £40,000 NEG + CAR

The creation last year of Guy's & St Thomas' Hospital Trust brought together two of London's most renowned and innovative teaching hospitals. It also established the largest Hospital Trust in England, with an annual income of almost £250 million and 7,400 staff.

This senior and challenging post reports to the Finance Director and has responsibility for a team of 125 people in financial accounting, treasury, payroll, creditor payments and procurement. There are a number of important immediate objectives for achievement which have come about from the integration of two substantial departments and their separate systems. These include improving the supplier payments service, reducing the level of debtors, preparing plans and procedures for completing the year end accounts and managing the implementation of a new personnel and payroll system.

Candidates must be qualified accountants with a minimum of five years' senior financial management experience gained within a large, multi-disciplined environment. You should have excellent technical accounting knowledge and project management experience of implementing complex computerised systems. Well developed skills in managing, motivating and developing large numbers of staff will be essential and you must be able to demonstrate achievements in the management of significant change.

Please send full personal and career details, including current remuneration and a daytime telephone number, in confidence to Janice Riches, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference JR203 on both envelope and letter.

**Accountancy Personnel**

EXECUTIVE RECRUITMENT

**Dutch speaking Financial Controller**

Amsterdam, Holland

Up to £40,000

**The Company**

A leading publicly quoted UK business service group which is rapidly expanding in all its business sectors, particularly in mainland Europe, requires an exceptional Financial Controller to head up its finance function in Holland. With two separate businesses already running in Holland and further expansion planned shortly, the Controller will take responsibility for setting up and developing the finance function.

**The Role**

The Finance Controller will set up a Central Finance Department for all the groups' activities in Holland. This will include management accounts, statutory accounts, tax and treasury operations. Success in this role will provide the Controller with the chance to progress within this group, either in Holland or elsewhere.

**Key Responsibilities**

- Consolidation, management and statutory accounts of all group companies in Holland.
- Development of the finance team in Holland as the group's activities increase by organic growth and via acquisition.
- Putting together budgets and corporate plans.
- Management of local currency and treasury operations.
- Responsible for local tax affairs, planning and carrying out commercial due diligence on all major contracts in Holland.
- The successful candidate must be:
  - Fluent in Dutch, English and ideally German.
  - Probably Dutch national
  - Age 25-35
  - Technically strong, able to prepare management and statutory accounts including consolidations
  - Able to relate strongly to operational management through strength of character and self confidence
  - Must be 'hands-on' but have the vision to develop the growing team.



This position is being handled exclusively by Accountancy Personnel. Interested candidates should contact Sara Kenderline-Davies on 071-256 5849, Accountancy Personnel Executive Recruitment, 36-44 Moorgate, London EC2R 6EL. Fax: 071-638 7509. Interviews to be held in London and Amsterdam.

Hays

**CORPORATE & BUSINESS PLANNING**

Salary + benefits London, SW1

The Commonwealth Development Corporation (CDC) is a UK public corporation whose fundamental objective is to contribute to economic development in the 60 developing countries in which it operates - countries ranging from Central America in the West, through Sub-Saharan Africa, South Asia and South East Asia to the Pacific Islands in the East.

CDC pursues its objective by investing equity and medium term loans to over 350 businesses. CDC's current portfolio has some £1.7bn of investments and commitments, with new investments being made at the rate of close to £250m per annum. CDC has been consistently profitable and in 1993 achieved a surplus of profits after tax of £42m. CDC is based near Victoria in London and operates through 29 overseas offices. In addition CDC manages 30 companies, most of which are subsidiaries, with sales of £140m employing 30,000 people.

CDC wishes to enhance further the corporate and business planning process in order to ensure that CDC meets growth, profit, development and other targets. Your prime responsibility will be

the preparation of an annual corporate plan, and the coordination of the component business plans; but you will also be responsible for taking forward the findings of a recent strategy review together with associated issues including risk management, sector policies, development, the environment and social policies.

You will report to the Director of Finance but work closely with the Chief Executive. The position enjoys a high profile within the organisation. We envisage the role lasting two to three years following which CDC offers a wide variety of opportunities for career progression in the UK or overseas.

Your qualifications will include accountancy or an MBA. You will have business experience and although age is not an issue, experience of planning and management information systems is essential. Above all you are a confident communicator capable of expressing yourself succinctly.

To apply, write quoting serial 2403 to: Andrew Harris, Senior Personnel Executive, CDC, One Rensborough Gardens, London SW1V 2JQ.



Britain Investing in Development

**FTVLES ECHOS**

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Philip Wrigley on +44 71 873 3351

مكتبة الجليل

**Bell Cablemedia plc Treasury Professionals**

Bell Cablemedia plc, a recently established joint venture between Cable & Wireless, Jones Intercom and Bell Canada, has quickly established itself as a leading force within the UK market for cable television and telephone operators. This publicly quoted Group's potential is enormous with revenues projected to exceed \$1bn by the year 2000. As massive bank, project and capital markets funding is in place, two further treasury professionals are now required to join a team which will be critical to future success.

**Manager - Treasury Operations**

To £45,000 + Benefits

Home Counties

**THE POSITION**

- ◆ Key role in cash and liquidity management. Monitor and manage exposure to FX and interest rate risk.
- ◆ Establish structured cashflow forecasting procedures. Implement electronic banking interfaces.
- ◆ Develop relationships with major banking institutions.

**QUALIFICATIONS**

- ◆ Ambitious young graduate, ideally ACA and/or ACT qualified.
- ◆ Several years' corporate treasury experience essential, including dealing. Exposure to cashflow management preferred.
- ◆ Analytical with first class interpersonal skills.

Ref N4363

**Manager - Corporate Finance**

c.£30,000 + Benefits

Home Counties

**THE POSITION**

- ◆ Development role. Opportunity to gain broad exposure across full treasury field.
- ◆ Specific remit to evaluate long term funding requirements, bank and project finance strategies.
- ◆ Varied ad hoc project involvement. Report to Group Treasurer.

**QUALIFICATIONS**

- ◆ Ambitious, strategic thinking MBA or newly qualified accountant, aged mid to late 20's.
- ◆ Commercially aware and highly numerate. Computer literate with sophisticated modelling skills.
- ◆ Maturity and common sense. First class communicator.

Ref N4364

Please send full cv, stating salary, quoting relevant ref. to NBS, 54 Jermyn Street, London SW1Y 6LX

NBS SELECTION LTD  
a BNB Resources plc company

N.B.S.

LONDON 071 493 6392  
Aberdeen 0224 638080 • Birmingham 021 231 4656  
Bristol 0272 291142 • Edinburgh 031 220 2400  
Glasgow 041 204 4334 • Leeds 0532 453830  
Manchester 0625 339953 • Slough 0753 819227

**SENIOR FINANCE OPPORTUNITIES IN HEALTH**

This is an exciting and challenging time to be in the Health Service. Rapid advances in medical science go hand in hand with culture change and new ways of doing things. My client needs adaptable, qualified accountants with the flair to seek creative solutions within an environment committed to high quality patient services.

Midlands based and serving a population in excess of a million, they employ 4,500 and have an income of £145m with an asset base of over 100m. A major five year investment plan has already been put in place and their objective now is to develop a finance function capable of delivering financial stability and supporting senior management.

**Deputy Director Financial Management**

c£40,000 + Car

Reporting to the Director of Finance, you will be responsible for the management accounting function for the Unit. Managing a Department of 20, you will be responsible for providing and interpreting financial information for the Board and management. A key part of this function will be ensuring financial discipline is maintained within a devolved financial environment.

A qualified accountant, you will probably be under 40 with experience and strength in financial analysis and budgetary control. An NHS background would be useful but not essential. A good planner and capable of operating in large complex organisations, you will be a particularly effective communicator and team leader. Ref: 1259FT.

**Deputy Director Business Strategy**

c£40,000 + Car

Reporting to the Director of Finance, you will be responsible for strategic planning and pricing. Managing a small team, you will have a key role in anticipating and planning the future of the Unit.

Probably under 40, you will have an unusual blend of skills in being a qualified and technically proficient accountant with the ability to conceptualise. Experienced in financial analysis and investment appraisal, you must have been involved in strategic planning for a significant organisation. Ref: 1304FT.

**Chief Accountant**

c£35,000 + Car

Reporting to the Director of Financial Services, you will be responsible for Financial Accounting, including production of all monthly and annual financial returns, cash flow, treasury management and capital accounting.

A qualified accountant, you must be familiar with NHS financial systems in the above areas. As a good technician you will enjoy a reputation for meeting tight deadlines. Management experience is essential. Ref: 131VFT.

Please submit in confidence a comprehensive c.v. quoting appropriate reference to:

Keith Townrow & Partners, Aztec Centre, Aztec West, Bristol BS12 4TD. Tel: 0454 614373.

**KEITH TOWNROW**  
AND PARTNERS  
EXECUTIVE SEARCH AND SELECTION

**FINANCE DIRECTOR  
NATIONWIDE LIFE & NATIONWIDE  
UNIT TRUST MANAGERS**

With our name behind you there's an exciting future ahead  
Package c.£70,000 Swindon

Nationwide Life and Nationwide Unit Trust Managers, the UK's second largest building society's new subsidiaries, will start operations next year, offering a competitive range of life assurance, personal pensions, PEP and unit trust products which will provide customers with good value for money and first-class levels of service. With this approach, combined with the benefits of being part of a major financial services group with a strong brand name and high street presence, it is expected that the subsidiaries will quickly become significant forces in the insurance and investment market. As Finance Director, you will play a major role in their success.

**The Role**

- ◆ Exert a major influence on a start-up situation within a large financial services group, working closely with the Managing Director.
- ◆ Develop a finance function with a small tightly-knit team taking full advantage of the opportunity to suit-construct tasks to existing finance departments within the Building Society.
- ◆ Establish effective financial systems and controls.
- ◆ Ensure the businesses have clearly defined goals and strategies.
- ◆ Timely production of management information and statutory accounts.
- ◆ Ensure businesses take full advantage of opportunities to outsource services to 'third parties'.

**The Person**

- ◆ Energetic qualified accountant with substantial senior level experience in a unit-linked environment.
- ◆ Knowledge and understanding of the financial/actuarial dynamics of a life company, investment management and unit pricing procedures and disciplines.
- ◆ Ability and willingness to work at strategic, operational and detailed levels as required.
- ◆ Proactive thinker with considerable business acumen.
- ◆ Experience in negotiating outsourcing contracts.
- ◆ Commitment to team working and empowering staff.

The rewards package reflects the nature of the challenges and includes a full range of financial sector benefits.

Please write, enclosing a full CV to: Pat Turner, HR Manager, Nationwide Building Society, Moulton Park, Nottamption NN3 6NW.

Working for equality of opportunity nationwide.



NATIONWIDE PEOPLE

**Nationwide**  
THE 'BUILDING' SOCIETY.



**Price Waterhouse**  
EXECUTIVE SEARCH & SELECTION

## Group Internal Auditor

Major well established Publishing Group

c.£50,000 + car + benefits London

This major international publishing group operates in the United Kingdom, United States, Europe and S.E. Asia. Publishing activities include a number of well known titles and brands and recent operating results show a healthy increase in pre-tax profit and EPS.

To fulfil an important role within the organisation, a Group Internal Auditor is to be appointed whose responsibilities will incorporate:

- Operating the group internal audit function
- Conducting audit projects throughout the group and presenting conclusions to management and the audit committee
- Advising on financial policy and procedures, financial systems and computer installations

The role requires an experienced, stable and mature Internal Auditor and specifically:

- Internal audit experience in a multi-site and large volume

transaction environment

- Experience of working at the most senior level
- Internal audit of overseas operations
- A formal accounting qualification (preferably chartered).

Liaison with internal audit functions within operating divisions will be required, involving travel to locations throughout the group. This position offers an exceptional opportunity for someone to join a major established, successful and profitable group and contribute to its future success through the provision of an outstanding inter-active internal audit capability.

To pursue this further please write, enclosing a full CV, to our advising consultant, Jane Rhodes quoting reference P/1484.

Executive Search & Selection

Price Waterhouse  
No 1 London Bridge,  
London SE1 9QL

## International Finance Executive

Central London

£ Excellent Package

Our client is a multi-national entertainment and media group, with an expanding network of offices located in key strategic sites throughout the globe.

Future organic growth will be complemented by a policy of acquisition. To achieve this, they are seeking to recruit an International Finance Executive.

Reporting directly to the Finance Director, you will be responsible for the analysis and investigation of potential targets for acquisition coupled with control of the international audit of operations in a variety of different countries. Your success is key

to the continued development of the organisation.

The successful candidate will be a fully qualified ACA, aged about 30, with a first class background. Your exceptional interpersonal skills will be complemented by a rare combination of commercial sense and maturity, ensuring an immediate impact in this dynamic environment.

Interested applicants in the first instance, should write enclosing an up-to-date curriculum vitae to David Bloch at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



**Michael Page Finance**

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

## Financial Controller

South Wales Excellent salary package

### The Role

- A new appointment in a high profile organisation.
- Responsible for full range of financial accounting, corporate taxation and statutory accounting procedures.
- Provision of company secretarial service as appropriate to a limited company.

### The Challenge

- Development of stringent financial controls and establishment of appropriate accounting procedures in newly formed, £100m turnover organisation.
- Provision of key financial information which allows the company to operate in a commercial and value for money manner.
- Assist with the ongoing development of appropriate IT systems.
- Creation of financial and business planning procedures and models in order to allow the company to maintain a strategic focus.

### The Person

- Graduate, qualified accountant with c. five years post qualification experience.
- Able to lead and motivate a small but enthusiastic team.
- Able to demonstrate technical excellence, coupled with commercial acumen.
- Experienced in a similar role in industry or currently working in professional practice and seeking a career opportunity.

If you feel that you meet the above criteria, please send a comprehensive CV stating current remuneration to Karen Paige at KPMG Executive Selection & Search, Richmond Park House, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0272) 464042.

**KPMG** Selection & Search

## Finance Director

Barcelona, Spain

up to £60,000 + Bonus + Car

Our client, a publicly quoted, British based multinational, is one of Europe's leading textile and clothing companies. With 50% of current turnover derived overseas, they are committed to becoming a major force worldwide. As part of this expansion they are now seeking a highly commercial Finance Director to control their successful Spanish and Portuguese manufacturing subsidiaries.

Working closely with the Chief Executive the appointed candidate will be a key member of an established management team, with overall responsibility for finance and administration. You will be instrumental in the long term growth and success of operations by formulating and implementing the company's plans and strategies.

The candidate will probably be aged 30-45, a graduate, qualified accountant who has worked in a senior financial role with a major

international company. You should have a facility for languages, preferably already speaking Spanish, and be able to demonstrate self motivation and leadership qualities. A track record of success with technical and commercial issues is a prerequisite. Experience of working in Spain or Portugal would be an advantage, but above all you must have the intelligence, strength of personality, and flexibility to succeed in an expanding international business.

This is a senior appointment within the international group and is expected to offer significant long term potential in financial or operational management overseas or in the UK.

Interested candidates should forward a comprehensive curriculum vitae to Dean Ball, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting ref 169178.



**Michael Page Finance**

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

## Financial Accountant



**Hanson**

Hanson PLC is renowned for its formidable and consistent 30 year track record of success as a multinational industrial management company. The Group's well-established businesses enjoy leading market positions, particularly in the UK and USA.

Based at the Corporate Headquarters in Central London and following internal promotion, this role will carry responsibility for:

- Preparation of published accounts observing full regulatory compliance.
- Preparation and interpretation of monthly Main Board reports.
- Consolidation and review of budgets and forecasts.

- Implementation of computerised consolidation and management information system.
- Maintaining close liaison with the operating division finance functions and the central tax and treasury operations.

Candidates, aged 27-31, should be graduate Chartered Accountants who can demonstrate accelerated career progression to date, strong technical ability, a high level of computer literacy, excellent interpersonal skills and outstanding future development potential.

Interested applicants should forward a comprehensive CV, quoting ref 209090, to Mark Hurley ACMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.



**Michael Page Finance**

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

## Group Financial Controller

Central London

c £50,000 + Car + Bonus

Our client is a recently floated UK public company with a market capitalisation of £75 million. Operating a joint venture in a republic of the former Soviet Union, they have quickly established a strong reputation for success in an uncompromising environment. The prospects for significant future growth are excellent.

A new position of Group Financial Controller has been created which, based in London, will be responsible for the provision of the highest quality technical and commercial support on all group financial matters. Initial emphasis will be to design and implement robust accounting procedures which will facilitate stringent financial control and comprehensive management reporting. The key to success in this role will be the ability to work closely with operational

managers, bringing a disciplined, international financial perspective. Substantial overseas travel will be necessary.

Candidates, aged 35-45, will be graduate qualified accountants with a proven record of senior level experience preferably gained in an international engineering or similar plc environment. Technical excellence, strong personal presence and outstanding communication skills, combined with a tough but flexible, hands-on management style will be essential.

Applicants should forward a comprehensive curriculum vitae, quoting ref 209191, to Mark Hurley ACMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



**Michael Page Finance**

Specialists in Financial Recruitment  
London Bristol Windsor St Albans Leatherhead Birmingham  
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

## ACCOUNTANCY IN CAPITAL MARKETS

Salaries to £40,000 + benefits

In financial markets the role of high calibre accountants who can utilise their skills to service developments across a wide range of business areas is vital. The provision of financial expertise and management information is no mere back room role, but plays a key part in driving the business.

This is why financial markets institutions look for the best graduate accountants to help increase growth. Every project is business critical and the demands you will have to meet will be high. Aged 24-30, you will be a qualified accountant (ACA/ACCA/CIMA) with two years' PQE. This experience may have been gained working with the front or back office of a financial markets institution or, alternatively, working in a major accountancy firm with a banking portfolio. A strong mathematical background, as well as computer literacy (experience of spreadsheet technology would be particularly advantageous) is a standard requirement. You will also have excellent communication and potential leadership skills, as

you will be working in small teams and will be expected to take responsibility as necessary.

We are currently working alongside major American, European, British and Japanese banks with various business requirements for ambitious accountants. In addition to the skills listed above, in-depth experience must have been gained in one or more of the following areas: risk monitoring; equity analysis; P & L measurement and analysis; interest rate and currency derivatives; product analysis (specifically equity derivatives); swaps analysis; trader support. The potential rewards - in terms of both career and remuneration structures - are outstanding.

For further information, please contact Lisa Brice on 071-734 4010. Alternatively, send your CV, quoting reference LFT01, to McGregor Boyall Associates, Sutherland House, 5-6 Argyle Street, London W1V 1AD. Fax: 071-734 1297.

**McGregor Boyall**

Business & Technology Selection for Financial Markets

## FINANCIAL PLANNING MANAGERS

South West

c £35,000 + Car + Benefits

Our client is a dynamic, fast moving, manufacturing group, renowned for the innovative nature of its products. The Company is extremely profitable, committed to growth and enjoys market leading positions in a number of key core business areas.

Following a restructuring two key positions have been created within the prestigious Financial Planning Function. These high profile roles will offer full financial support to the major business units including:

- Development of strategic plans, budgets and forecasts
- Financial evaluation of new products and appraisal of promotional activities
- Analysis of key profit drivers
- Reporting on business unit performance.
- Provision of consultancy advice on a diverse range of ad hoc projects
- Commercial interaction across all functions and at all levels within the business

Successful candidates will be graduate, qualified accountants with a track record of managing change within a marketing driven environment. Outstanding communication skills, the ability to strongly empathise with the business and the credibility to influence senior management are essential prerequisites.

In return the company offers an attractive package (dependent on experience) and full relocation assistance (if required). Equally important is the opportunity to join an extremely progressive and successful group where career advancement is based on merit.

Interested candidates should write enclosing a comprehensive C.V., quoting reference P167, to Paul Toner at the address opposite.

Toner Graham,  
8 Imperial Square,  
Cheltenham,  
GL50 1QB.

مكزامن التجميل



## Accountancy Personnel

## East Anglia...

The sheer choice and variety of opportunities available in East Anglia are currently attracting many young qualified accountants to the area. Across East Anglia the career-conscious can enjoy spectacular development in a region that can provide a unique blend of personal and work lifestyles.

For those that are considering a move to the area or indeed those currently working within the East Anglia region, Accountancy Personnel and some of the most progressive and prestigious UK organisations have arranged a series of careers evenings. You will have the opportunity to find out more about these high profile employers and future vacancies they, and others, might be able to offer you.

**CAMBRIDGE** 7 November 6.30pm - 9.00pm  
Parte Poste House Hotel, Lake View, Bridge Road,  
Inspiration, Cambridge CB4 4PH.

**NORWICH** 8 November 6.30pm - 9.00pm  
The Castle Museum, Norwich Castle, Castle Meadow,  
Norwich NR1 3JU.

**IPSWICH** 9 November 6.30pm - 9.00pm  
The Crested Country Hotel, London Road  
Ipswich IP2 6UA.

At 7.45pm, Accountancy Personnel's Laurence Holtens will give a talk on personal development to outline the importance of blending work and personal lifestyles to best effect. We will also have the results of the joint Accountancy Personnel/Accountancy Age survey on career development beyond qualification - which makes interesting reading. As always our specialist consultants will be available to discuss your career aspirations and to give up-to-date salary advice. Complete confidentiality is assured.

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## COMMODITIES AND AGRICULTURE

## Supply tightness grips LME's copper market

By Kenneth Gooding, Mining Correspondent

The London Metal Exchange's copper market was gripped yesterday by extreme tightness and buyers were having to pay a large premium for metal for immediate delivery.

"Anyone who needs copper between now and November 15 is going to have to pay dearly for it," warned Mr Wiktor Bielski, analyst at Bain & Company.

Another analyst, Mr William Adams, at Rudolf Wölz, said that LME copper stocks had fallen to a level - representing only 5% weeks of consumption - where there was a shortage of physical metal and the back-wardation (premium for immediate delivery) was justified.

Yesterday at one stage the premium for cash copper over metal for delivery in three months reached \$5 a tonne. At

the close the premium had eased back to \$3.50 as the cash price ended at \$2,754.50 a tonne, up \$41.50, and three-month metal was \$2,704.50, up \$12.50.

Mr Bielski pointed out that the cash price had risen sharply in the past two weeks - by \$300 a tonne since October 19 - and "it seems that some people are short [of metal] and are being squeezed and will have to pay up".

However, he insisted that there was a fundamental shortage of copper and LME prices indicated the supply tightness went out as far as December next year.

Mr Bielski said LME stocks were not only relatively low but also in the wrong places - mainly in Europe and not the US where demand was heaviest - and so "there is no reason why the copper price should not continue its merry

way upward". The price might reach \$3.50 to \$4.00 a tonne (\$2,975 to \$3,025 a tonne) in the present quarter and go to \$5.00 to \$5.50 (\$3,500 to \$3,900 a tonne) early next year, he said.

Wolfs Mr Adams suggested that, although the copper price was due for a correction, any dip in the price encouraged more buying. "There is a lot of financial and non-trade interest in copper and the market is ignoring everything else. People are getting nervous in case this powerful buying continues," he suggested that it was likely to continue for some time.

While the market fundamentals justified a rise in the copper price, Mr Adams added, the investment fund and non-trade buying had accelerated the process "and we are seeing prices today that we would not otherwise have seen until next year".

## Milk board spins off cattle breeding division

By Deborah Hargreaves

Genus, the cattle breeding, farm management and animal health division of Britain's Milk Marketing Board, has spun off as a separate company this week following the de-regulation of the milk market.

The company's £23m in net assets has been distributed to dairy farmers who sold milk to the board between 1992 and 1993.

Mr John Craven, chief executive, said the company was facing tougher competition in its core market of providing artificial insemination for beef and dairy herds following the relaxation of Ministry of Agriculture rules. This has allowed smaller operators to undercut prices.

"We clearly have to concentrate on being more efficient and giving better value for money," Mr Craven stressed. Genus had a turnover of £51.6m with profits of £4.8m last year.

## Using cattle to repair the land

David Spark on the controversial techniques of a Namibian farmer

Namibia, the driest country in southern Africa, is worried by the loss of trees, mopane bush and grass in the sandy, heavily-grazed, populous communal areas of the far north.

Further south it is worried by the spread of thornbush into impenetrable thickets on commercial farms, because browsing game animals are fewer in number and loss of grass around waterpoints gives the bush a chance.

Argo Rust, a tall, wiry man who farms near Windhoek Airport, is proposing a controversial answer to both problems. Cattle, he believes, can cure as well as cause the degradation of arid land.

He has pursued that principle for 25 years and has doubled to 600 the number of cattle his small (by Namibian standards) farm can carry. To spread his ideas, which are controversial with agricultural

advisers, he founded in 1989 the Namibia Centre for Holistic Resources Management, which has 65 members.

Success has enabled him to give a better deal to his seven workers. "If you want to involve your labour force, they must understand the goal and be part of it," he says.

"That can happen only if their quality of life is addressed. They see a future for themselves."

In the 1960s he took over the 4,000-hectare family farm, Sonnenleit, it had only 300 cattle, and had suffered from use for milk production in the war. He was advised to destroy

encroaching bush and reduce the number of cattle, neither of which he could afford to do.

Instead, he pursued the ideas of a Rhodesian, Alan Savory, of a Rhodesian, Alan Savory, with their big, constantly moving herds of game, had good grass.

The problem, says Mr Rust, is not the number of animals but the time they spend on a piece of land. If the time is carefully controlled, the hoofs of a big herd break up the hard surface and their dung manures it, encouraging grass to grow and prevent thornbush seedlings from establishing themselves.

He also decided on a holistic approach, avoiding poisonous chemicals that could harm the important dung beetles. He relies on birds to keep down ticks.

Fences are used to divide his land into wedge-shaped paddocks around waterpoints. Cat-

tle stay in each paddock only for a limited time. "After a few years I realised this is one way we can stop desertification of the veld," he says.

He points out that similar results could be achieved with herding the cattle from place to place. He has been surprised to find that grass germinates best in corridors where cattle tramped most.

Some of his land was like concrete, yet it recovered despite below-average rain, which suggests to him that even the worst land can be restored. Given the hard surface, however, he does not believe it will recover on its own.

He now has 600 cattle. German researchers discovered that his land had a higher percentage of perennial grasses than land farmed conventionally by the agricultural college next door.

## Norway forecast to move into second place in oil exports league

By Karen Fosell in Oslo

A sharp rise in oil production and the commissioning of several new fields in 1995 is expected to make Norway, western Europe's biggest crude producer, the world's second largest oil exporter behind Saudi Arabia next year.

According to Petroleum Intelligence Weekly, Norway's oil liquids production will rise from 2.56m barrels a day this year to 2.97m in 1995, before peaking at 3.22m in 1996.

Production is projected to dip to 3.11m b/d in 1997 when it begins a sharp downturn into the next century.

Domestic oil consumption averages 170,000 b/d, leaving net exports of 2.5m b/d this year, compared with second-placed Iran's shipments abroad of between 2.4m and 2.7m b/d on wellhead output of 3.8m.

So far this year, Norway's production is running 10 per cent ahead of last year's levels - even with large output losses due to annual field maintenance in August and September - but could end 12 per cent up on 1993.

However, official production forecasts could be conservative, as new technology and enhanced oil recovery methods have allowed oil companies to avoid precipitous declines in output in recent years.

Alongside continuing production growth from fields such as Brage and Draugen, which started up during the past 20 months, and the hook-up of smaller fields into existing production systems, the largest single increment next year is expected from the 230,000 b/d Heidrun field in the mid-Norwegian Heltanbank region. Troll West oil, at

160,000 b/d, is scheduled to come on stream last year along with the 80,000 b/d Statfjord North satellite.

Earlier this month, the 40,000 b/d Statfjord East field commenced production but PIW anticipates that, given capacity limitations at the central processing platform, output from the prolific Statfjord field may have to be curtailed to allow maximum production from new fields.

The Norne field, due to start production July 1997, will add 160,000 b/d to output, but pending the outcome of negotiations between oil companies and the government on participation rates and royalties, the timing of other Heltanbank developments remains uncertain, though Norway is keen to extend production at the highest levels possible over the longest period of time.

Mr Craven said that the next couple of years would see the completion of the company's six-year breeding programme, which is aimed at providing high quality semen to farmers as a replacement for imported material.

The company currently imports two-thirds of the semen used for inseminating cattle, but Mr Craven said he hoped to halve this over the next two years. In his breeding programme to improve the genetic bank on offer, Genus concentrates on animals that yield a higher proportion of protein to fat in their milk as well as strong cows with good legs and feet.

The company expects its new commercial status will see growth in its farm management business, animal health services and the sale of branded products.

## End of line for aluminium ore association

By Canute James in Kingston

Members of the International Bauxite Association have agreed that it will be dissolved on December 31, saying that the industry and the market for the aluminium bearing ore have become "more transparent" and are no longer "dominated by a few companies".

The dissolution of the producers' group 20 years and one month after its formation, followed the withdrawal of some members and a decision by Jamaica, where the association has its headquarters, that it was leaving because the IBA was no longer relevant to its needs.

A communiqué issued after an extraordinary meeting of the IBA's council of ministers said that when the association was formed, the bauxite mining and refining industry was dominated by "a few multinational corporations who largely determined the prices paid to

producers. With membership which between them produced over 80 per cent of the world's bauxite and about one half of its alumina output, the IBA was able to achieve for its members, adequate returns through a mutual exchange of information."

In announcing earlier this year that Jamaica would recommend the dissolution of the IBA, Mr Robert Pickersgill, the island's mining minister, said that its members' share of world bauxite production had fallen to about 25 per cent. "We have said to the other members that we do not think that we are progressing, and that we want an end to the IBA."

The association, which bauxite and alumina (aluminium oxide) consumers had feared would become a cartel, has acted as a data bank for its members, allowing them to exchange information and ideas on the state of the industry. It received a setback two

years ago when Australia, its most important member, pulled out, questioning the IBA's relevance. India, another founding member, also left the group.

This deprived the IBA of about 40 per cent of its budget, and the situation was worsened by a high level of delinquency among the remaining members. The association lists its members as Ghana, Guinea, Guyana, Indonesia, Jamaica, Sierra Leone and Suriname. Before Australia pulled out, the IBA had lost two of its founding members - the Dominican Republic and Haiti - because their industries were shut down. It also lost another founding member with the break-up of Yugoslavia.

The IBA was unsuccessful in expanding its membership, and failed to attract producers such as Brazil despite repeated attempts. It also failed to broker a commodity pact between bauxite producers and consum-

ers under the aegis of the UN Committee on Trade and Development because of a lack of support from either side, and because bauxite could not be organised in pacts similar to those for other commodities. The operations of the association were also adversely affected by the failure of several members to pay their subscriptions to finance the body.

In deciding to dissolve the IBA, the members maintained that it had been valuable to bauxite producers. "Technical and market information supplied by the secretariat equipped members with a clearer understanding of the industry," the council of ministers said. "This vital ingredient enhanced not only the quality of negotiations with companies, but facilitated the development of further processing activities. The market has become more transparent and the industry is no longer dominated by a few companies."

## COMMODITIES PRICES

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

## ■ ALUMINIUM, 99.7 PURITY (% per tonne)

	Cash	3 mths
Close	1880-2	1881-3
Previous	1887-8	1889-90
High/Low	1878/1875	1890/1870
AM Official	1875.5-6	1888.5-7
Karb close		1887-8

Open int. 281,432

Total daily turnover 57,090

## ■ ALUMINIUM ALLOY (% per tonne)

	Close	Previous
1880-2	1870-80	1875-80
High/Low	1880-2	1875-80
AM Official	1880-2	1885-90
Karb close		1885-90

Open int. 2,769

Total daily turnover 2,769

## ■ LEAD (% per tonne)

	Close	Previous
6745-5.5	689-90	685-4
High/Low	6745-5.5	684/684
AM Official	6725-3	685-5-6
Karb close		682-3

Open int. 44,663

Total daily turnover 9,198

## ■ NICKEL (% per tonne)

	Close	Previous
7485-505	7610-5	7620-50
High/Low	7430-40	7620-50
AM Official	7535-40	7645-50
Karb close		7620-30

Open int. 67,567

Total daily turnover 18,004

## ■ TIN (% per tonne)

	Close	Previous
6285-75	6380-5	6390-5
High/Low	6195-45	6230-5
AM Official	6275-85	6370-5
Karb close		6395-70

Open int. 20,307

Total daily turnover 7,251

## ■ ZINC, special high grade (% per tonne)

	Close	Previous
11615-2.5	11700-4	11710-1
High/Low	11485-5.5	11801-1
AM Official	11605-1	11822-5
Karb close		1182-3

Open int. 106,962

Total daily turnover 18,413

## ■ COPPER, grade A (% per tonne)

	Close	Previous
2775-5	2781-5	2790-5
High/Low	2712-4	2804-5
AM Official	2770/2765	2792/2780
Karb close		2778-70

Open int. 224,500

Total daily turnover 77,738

## ■ LME AM OFFICIAL 3 mths rate, 1.6204

LME Clearing 125 rate, 1.6130

Spot 1.6125 3 mths 1.6112 6 mths 1.6094 9 mths 1.6086

## ■ HIGH GRADE COPPER (COMEX)

	Close	Previous
125.00	125.00	125.00
High/Low	122.70	125.00
AM Official	122.80	125.00
Karb close		125.00

Open int. 119,250

Total daily turnover 62,281

## PRECIOUS METALS

## ■ LONDON BULLION MARKET

(Prices supplied by N.M. Rothschild)

	5 price	£ equiv.
Close	383.70-384.10	
Opening	383.80	236.404
Morning fix	383.80	236.449
Afternoon fix	383.80	
Day's High	384.20-384.60	
Day's Low	383.50-383.90	

Leco Lead Gold Landing Rates (US \$/oz)

	1 month	6 months	5.14
1 month	4.50		
6 months	4.83	12 months	5.63
3 months	4.81		

	5 price	£ equiv.
Close	383.70-384.10	
Opening	383.80	236.404
Morning fix	383.80	236.449
Afternoon fix	383.80	
Day's High	384.20-384.60	
Day's Low	383.50-383.90	

Leco Lead Gold Landing Rates (US \$/oz)

	1 month	6 months	5.14
1 month	4.50		
6 months	4.83	12 months	5.63
3 months	4.81		

## Precious Metals continued

## ■ GOLD COMEX (100 Troy oz; \$/troy oz)

	Sell	Day's	High	Low	Open	Vol.
Nov	383.1	-1.1	384.0	383.0		
Dec	384.4	-1.1	385.4	384.2	384.77	19,091
Jan	385.1	-1.1	386.1	384.9		

Total 183,250

## ■ PLATINUM NYMEX (50 Troy oz; \$/troy oz)

	Sell	Day's	High	Low	Open	Vol.
Nov	418.4	-2.1			18,234	2,136
Dec	423.9	-2.1	424.5	418.5	423.5	521
Jan	428.5	-2.1	429.5	423.0	1,802	548

Total 25,176

## ■ PALLADIUM NYMEX (100 Troy oz; \$/troy oz)

	Sell	Day's	High	Low	Open	Vol.
Nov	161.85	-1.10	163.00	161.35	4,567	1,038
Dec	163.25	-1.00	164.50	162.80	2,701	288
Jan	164.25	-1.00			463	2

Total 7,264

## ■ SILVER COMEX (100 Troy oz; \$/troy oz)

	Sell	Day's	High	Low	Open	Vol.
Nov	525.8	-4.8			13,842	14,303
Dec	531.3	-4.8	532.0	525.0	73.67	3
Jan	537.2	-4.8	538.0	532.0	20,241	1,350

Total 114,991

## ENERGY

## ■ CRUDE OIL NYMEX (42,000 US gal; \$/barrel)

	Sell	Day's	High	Low	Open	Vol.
Nov	18.77	-0.16	18.93	18.77	87,753	5,083
Dec	18.48	-0.15	18.66	18.48	79,042	2,971
Jan	18.28	-0.12	18.43	18.28	37,961	1,173

Total 181,756

## ■ CRUDE OIL IPE (\$/barrel)

	Sell	Day's	High	Low	Open	Vol.
Nov	17.33	-0.08	17.59	17.33	73,703	27,280
Dec	17.07	-0.04	17.18	16.98	58,547	22,044
Jan	16.85	-0.07	16.96	16.80	20,374	8,847

Total 152,634

## ■ HEATING OIL NYMEX (42,000 US gal; \$/barrel)

	Sell	Day's	High	Low	Open	Vol.
Nov	16.84	-0.04	16.88	16.81	4,560	94
Dec	16.57	-0.05	16.57	16.57	3,008	950
Jan	16.29	-0.05	16.34	16.29	1,842	6,821

Total 153,298

## ■ GAS OIL IPE (\$/barrel)

	Sell	Day's	High	Low	Open	Vol.
Nov	15.00	-0.20	15.25	15.00	47,114	17,088
Dec	14.85	-0.17	15.00	14.85	34,544	6,422
Jan	14.65	-0.17	14.80	14.65	21,578	2,533

Total 83,240

## ■ UNLEADED GASOLINE NYMEX (42,000 US gal; \$/barrel)

	Sell	Day's	High	Low	Open	Vol.
Nov	15.25	-0.10	15.45	15.25	23,751	8,784
Dec	15.05	-0.10	15.25	15.05	14,574	5,474
Jan	14.85	-0.10	15.05	14.85	10,381	2,533

Total 38,729

## ■ NATURAL GAS NYMEX (10,000 Btu; \$/Btu)

	Sell	Day's	High	Low	Open	Vol.
Nov	1.870	-0.001	1.882	1.846	28,447	15,894
Dec	1.870	-0.001	1.882	1.846	18,794	2,882
Jan	1.870	-0.001	1.882	1.846	12,833	4,066

Total 41,239

## ■ UNLEADED GASOLINE NYMEX (42,000 US gal; \$/barrel)

	Sell	Day's	High	Low	Open	Vol.
Nov	15.25	-0.10	15.45	15.25	23,751	8,784
Dec	15.05	-0.10	15.25	15.05	14,574	5,474
Jan	14.85	-0.10	15.05	14.85	10,381	2,533

Total 38,729

## ■ UNLEADED GASOLINE NYMEX (42,000 US gal; \$/barrel)

May	58.35	-0.04	58.50	58.50	1,752	
Total					68,834	32,200







**LONDON SHARE SERVICE****INVESTMENT TRUSTS - Cont.**[illegible]

Friends From United <input type="checkbox"/>	85	1	100
Units <input type="checkbox"/>	178	1	200
	85		100

[illegible]

Worms	28	37
German Smir	188	217

[illegible]

Warrant	401.2	—	74
2000 Feb 17	401.2	—	74

Major and Gross	48				50
Warrant	30				38
Warrant	30				38
Zera H	61				61A
Edwinton Charles	262A	+1A			342
Edwinton D	304A				338
Edwinton Wm H	262				338
Edwinton Wm H	64				190
Edwinton Wm H	169				234
Edwinton Wm H	77A				78
Edwinton Wm H	61				116
Edwinton Wm H	233	+2			222A
Edwinton Wm H	233				102
Edwinton Wm H	233				102
Edwinton Wm H	729	+1			828
Edwinton Wm H	99				129
Edwinton Wm H	131				184
Edwinton Wm H	131				149
Edwinton Wm H	205A				97
Edwinton Wm H	78				78
Edwinton Wm H	262A				162
Edwinton Wm H	1162A				974
Edwinton Wm H	2162A				247
Edwinton Wm H	13				22
Edwinton Wm H	63				108
Edwinton Wm H	63				108

Cap	2500	+7	2773	24
& G Systems Inc.	39		65	

[illegible]

Warrants	40	-1	60	4
Corporate Sec'd - SAE	1115		100	1

[illegible]

P1 Deb 2005... \$1071... \$178 \$1071...  
Throg Inc... \$16... \$201... \$25

Algeria	175	-1	194	85
Angola	78	-1	142	183
Argentina	107	+2	142	183
Australia	16	-	17	10
Austria	67	-	17	10
Bahrain	10	-	17	10
Bangladesh	10	-	17	10
Barbados	10	-	17	10
Belize	10	-	17	10
Bermuda	10	-	17	10
Bhutan	10	-	17	10
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**TRANSPORT - Cont.**[illegible][illegible][illegible]

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## CURRENCIES AND MONEY

## MARKETS REPORT

## Fed intervenes again to support the dollar

The US Federal Reserve yesterday again intervened in the market to support the dollar, writes Philip Gawth.

Traders said the Fed, which started to intervene as European markets were closing, was probably trying to underpin the dollar to finish in New York above its Wednesday close.

The Fed first bought dollars at DM1.5155 and ¥97.90. On Wednesday it came in at DM1.4955 and ¥98.10. The dollar closed in London two pence up at DM1.5146, from DM1.4945, and at ¥97.6050 from ¥98.205.

The markets were very quiet before the Fed came in, with most traders waiting for the release of the US payrolls data today before making their next move. The conditions allowed the Fed to achieve a measure of success, despite the absence of any support from other central banks, save for the Bank of Japan.

In Europe, the main mover

was the Swedish krona, which fell back to close at SKr4.847 against the D-Mark, from SKr4.802. This was a reaction to an opinion poll showing that 52 per cent of Swedes would say no to EU membership.

In the UK, the Bank of England dealt at established rates in its daily money market operations. This suggested that there had probably been no decision taken to lift interest rates at the monthly monetary meeting on Wednesday.

Analysts agreed that Fed intervention had bought time for the dollar, without arresting the negative sentiment towards the US currency.

A number of reasons were suggested as to why the Fed had intervened. These included: concern that a weak

dollar would feed into US inflation; signalling disapproval of the level to which the dollar had fallen; and wanting to stabilise the currency ahead of next week's quarterly treasury refunding, and the mid-term congressional elections.

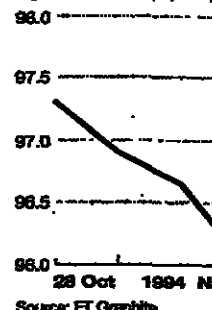
Today the key focus will be the non-farm payroll. If it comes in above market expectations, and the Fed does not respond with a firm tightening of monetary policy, traders are likely to sell the dollar again.

The market was again thick with explanations for dollar weakness. The most commonly heard is the fear that the Fed is moving too slowly to combat inflation. Also much mentioned is the US's large current account surplus, which is seen as creating a structural over-supply of dollars that can only result in dollar weakness unless offset by commensurate capital inflows.

But according to Mr Paul Chertkov, head of currency strategy at UBS in London, these explanations don't wash.

## Dollar

Against the Yen (¥ per \$)



Source: FT Graphix

He says that the US current account deficit, of around 2 per cent of GDP, is no worse than Germany's, but the D-Mark is appreciating. He also recalls that the dollar was a strong currency in the 1980-7 period when the current account surplus was closer to 4 per cent. Mr Chertkov says, instead, that the dollar's weakness is

attributable to lack of confidence in the currency, and US assets, following the Clinton administration's policy of "dollar debasement". As a result, US assets were not bought, and the capital flows were insufficient to combat the size of the current account deficit.

For this reason, he said, the issue of whether or not the Bundesbank participated in the intervention was irrelevant. "The issue here is the US, whether the Clinton administration stonewalls the policy of debasement."

Mr Chertkov says the dollar had been driven lower by short-term players. Financial investors and corporates had been largely out of the market. The resultant illiquidity meant that the short-term operators had been able to exert disproportionate influence.

He said institutional investors were underweight the dollar because they were underweight US assets. As a result, they were a potential source of follow-on dollar buying, should

the Fed succeed in getting short-term speculators to start pushing it higher.

Mr Robin Marshall, chief economist at Chase Manhattan in London, said that intervention had recently been conspicuously unsuccessful. "A \$26bn of Bank of Japan intervention through the year has massively exceeded Fed intervention, without turning the dollar trend."

Tight bid conditions in the UK money markets saw three month LIBOR rise to 6 1/2 per cent, from 6 1/4 per cent. In its daily operations, the Bank of England provided UK money markets with £635m of late assistance, after earlier providing £406m of liquidity. The shortage was £1.25bn.

## OTHER CURRENCIES

Nov 3  
Hungary 174.33 (174.93) 107.89 - 107.89  
Iran 382.50 - 382.50 174.00 - 174.00  
Israel 1.623 - 1.623 1.281 - 1.281  
Jordan 374.73 - 374.73 217.50 - 217.50  
Kuwait 507.78 - 507.78 389.00 - 389.00  
UAE 5.9178 - 5.9178 3.975 - 3.975

## WORLD INTEREST RATES

## MONEY RATES

November 3	Overnight	One month	Three months	Six months	One year	Long term	Dis. rate	Repo. rate
Belgium	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.40	4.50	-
week ago	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.40	4.50	-
France	5 1/2	5 1/2	6 1/4	6 1/4	7 1/4	8.00	5.00	0.75
week ago	5 1/2	5 1/2	6 1/4	6 1/4	7 1/4	8.00	5.00	0.75
Germany	4.85	4.85	5.15	5.25	6.00	6.80	4.80	4.85
week ago	4.85	4.85	5.15	5.25	6.00	6.80	4.80	4.85
Ireland	5 1/4	5 1/4	6 1/4	6 1/4	7 1/4	8.00	5.00	0.75
week ago	5 1/4	5 1/4	6 1/4	6 1/4	7 1/4	8.00	5.00	0.75
Netherlands	4.84	4.84	5.19	5.34	6.10	6.85	4.80	4.85
week ago	4.84	4.84	5.19	5.34	6.10	6.85	4.80	4.85
Switzerland	3 1/2	3 1/2	4 1/4	4 1/4	5 1/4	6.25	3.50	-
week ago	3 1/2	3 1/2	4 1/4	4 1/4	5 1/4	6.25	3.50	-
US	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.00	4.00	-
week ago	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.00	4.00	-
Japan	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	1.75	-
week ago	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	1.75	-

## LIBOR FT London

week ago	5 1/4	5 1/4	6 1/4	6 1/4	7 1/4
US Dollar CDs	5.04	5.35	5.71	6.07	6.45
week ago	5.04	5.35	5.71	6.07	6.45
3m US Dollar	5.04	5.35	5.71	6.07	6.45
week ago	5.04	5.35	5.71	6.07	6.45

ECU Linked De sold rates 1 mth: 5 1/4; 3 mth: 5 1/4; 6 mth: 5 1/4; 1 year: 6 1/4. 5 LIBOR Interbank bid rates are offered rates for \$10m quoted in the money by four interbank banks at 11am each working day. The banks are Barclays Bank, Bank of Tokyo, Deutsche and National Westminster. Note: The banks are Barclays Bank, Bank of Tokyo, Deutsche and National Westminster. Note: The banks are Barclays Bank, Bank of Tokyo, Deutsche and National Westminster.

## EURO CURRENCY INTEREST RATES

Nov 3	Short term	7 days	One month	Three months	Six months	One year
Belgium	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.40
week ago	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.40
France	5 1/2	5 1/2	6 1/4	6 1/4	7 1/4	8.00
week ago	5 1/2	5 1/2	6 1/4	6 1/4	7 1/4	8.00
Germany	4.85	4.85	5.15	5.25	6.00	6.80
week ago	4.85	4.85	5.15	5.25	6.00	6.80
Ireland	5 1/4	5 1/4	6 1/4	6 1/4	7 1/4	8.00
week ago	5 1/4	5 1/4	6 1/4	6 1/4	7 1/4	8.00
Netherlands	4.84	4.84	5.19	5.34	6.10	6.85
week ago	4.84	4.84	5.19	5.34	6.10	6.85
Switzerland	3 1/2	3 1/2	4 1/4	4 1/4	5 1/4	6.25
week ago	3 1/2	3 1/2	4 1/4	4 1/4	5 1/4	6.25
US	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.00
week ago	4 1/2	4 1/2	5 1/4	5 1/4	6 1/4	7.00
Japan	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
week ago	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4

Short term rates are for the US Dollar and Yen, others two day rates. Note: The banks are Barclays Bank, Bank of Tokyo, Deutsche and National Westminster. Note: The banks are Barclays Bank, Bank of Tokyo, Deutsche and National Westminster.

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Jun 92.90 92.90 +0.07 92.97 92.97 1406 1406  
Sep 92.91 92.91 +0.08 92.98 92.98 1470 1470


Dec 92.83 92.83 +0.03 92.87 92.87 785 7851  
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Jun 92.90 92.90 +0.07 92.97 92.97 1406 1406  
Sep 92.91 92.91 +0.08 92.98 92.98 1470 1470

## POUND SPOT FORWARD AGAINST THE POUND

Nov 3	Closing mid-point	Change on day	5 days	1 month	3 months	6 months	1 year	Bank of England
Europe	17.2482	-0.032	388	576	17.1815	17.0517	17.2438	0.3
Australia	(Sfr) 50.3116	-0.2148	887	344	50.3410	50.2887	50.2818	0.7
Belgium	(Dfr) 9.5983	-0.0137	528	105	9.5918	9.5828	9.5858	0.1
Denmark	(DKr) 7.5109	-0.0033	005	3	7.5110	7.5008	-	-
France	(FFr) 4.4025	-0.0128	979	071	4.4335	4.3979	4.4004	0.3
Germany	(DM) 2.4498	-0.0049	485	513	2.4825	2.4485	2.4484	0.8
Greece	(Dr) 377.526	-0.011	327	722	378.951	377.327	-	-
Ireland	(Ir) 1.0107	-0.0003	060	115	1.0104	1.0038	1.0105	0.2
Italy	(L) 2514.40	-12.73	241	639	2523.31	2512.41	2520	-2.7
Japan	(¥) 50.3116	-0.2148	887	344	50.3410	50.2887	50.2818	0.7
Netherlands	(Gld) 3.7477	-0.0001	490	493	3.7480	3.7482	3.7478	0.8
Norway	(Nkr) 10.9577	-0.0259	819	934	10.7381	10.6486	10.9577	0.0
Portugal	(Esc) 250.228	-0.079	080	386	251.819	250.089	251.858	-4.3
Spain	(Ptas) 204.189	-0.057	095	273	205.017	204.258	204.491	-1.9
Sweden	(Skr) 11.8794	-0.0049	648	661	11.8198	11.7458	11.8884	-1.3
Switzerland	(Sfr) 2.0502	-0.0001	487	518	2.0509	2.0487	2.0471	1.8
UK	(£) 1.2898	-0.0002	961	676	1.2892	1.2891	1.2897	0.0
USA	(Doll) 1.6175	-0.0001	170	180	1.6255	1.6170	1.6167	0.8
South Africa	(Rand) 1.6175	-0.0001	170	180	1.6255	1.6170	1.6167	0.8
South Korea	(Won) 1289.07	-0.0001	487	518	1289.07	1289.07	1289.07	0.0
Taiwan	(NT\$) 1289.07	-0.0001	487	518	1289.07	1289.07	1289.07	0.0
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The Bank of England rates for Nov 3, 19								



# How do you keep up with an expanding Europe?

A black and white illustration of a person from behind, holding a large newspaper open with both arms. The newspaper is spread wide, showing multiple columns of text and some images. The person is wearing a simple t-shirt and shorts. The illustration is positioned below the headline and above the introductory paragraph.

Name \_\_\_\_\_  
 Job Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Nature of business \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Postcode \_\_\_\_\_ Telephone \_\_\_\_\_  
 Country \_\_\_\_\_

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[illegible]

## Easy

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ultimate financial pager on the market. Try  
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information than anyone else, it really is the

[illegible]

Figure 1. The effect of the number of trials on the number of correct responses. The number of correct responses was significantly higher than the number of incorrect responses for all groups. The number of correct responses was significantly higher than the number of incorrect responses for all groups. The number of correct responses was significantly higher than the number of incorrect responses for all groups.



**Have you**

Got the edge over your  
Hand delivered service company?

**Financial**

## Financial



**NASDAQ NATIONAL MARKET**

4 oz. close November 3.

	E	100k	High	Low	Last	Clamp
7	222	185	184	184		
8	64	224	213	212		
9	5622	1575	1575	1575	+1	
10	249	174	165	165	+1	
29	1105	433	424	424	+1	
- R -						
13	555	153	143	143	-1	
3	976	414	4	4	-1	
2	971	413	413	413	-1	
25	502	192	184	184	-1	
18	380	200	192	192	-1	
18	227	234	234	234	-1	
1	175	24	26	26	+1	
7	29	34	34	34	-1	
21	412	124	124	124	-1	
18	3343	48	47	47	-1	
10	251	54	5	5	+1	
10	25	35	33	33	-1	
18	594	507	50	50	-1	
17	51	85	83	83	-1	
4	449	18	17	17	-1	
3	2184	154	147	147	-1	
11	1682	154	154	154	+1	
32	711	28	25	25	-1	
56	671	184	18	18	-1	
21	1481	194	184	184	+1	
14	50	234	23	23	-1	
13	2888	74	84	7	+2	
- S -						
7	2077	494	494	494	+1	
14	50	20	194			
21	874	264	264	264	-1	
13	5081	474	462	474	+1	
15	1235	19	184	184	+1	
7	2273	74	64	74	+1	
10	1382	204	204	204	-1	
7	1037	54	48	5	+1	
42	41	354	35	35	-1	
12	1888	264	264	264	+1	
25	29	21	204	204	-1	
5	68	24	24	24	-1	
15	188	254	244	25	-1	
94	8044	6204	194	194	+1	
18	565	318	318	318	+1	
10	570	74	74	74	-1	
8	3	412	412	412	-1	
47	48	104	184	184	+1	
22	484	264	264	264	-1	
2	468	54	54	54	-1	
7	1485	104	184	184	-1	
10	787	184	8	8	-1	
18	2179	28	244	254	-1	
3	14	34	34	34	-1	
17	1612	37	354	354	+1	
18	2241	7	64	7	+2	
59	110	124	114	114	-1	
96	698	194	184	184	-1	
16	28	124	124	124	-1	
41	807	30	294	294	-1	
36	30195	14	134	134	-1	
12	923	54	5	5	-1	
16	1440	224	22	22	-1	
9	1750	194	184	184	-1	
29	9432	144	134	14	-1	
10	4024	382	372	372	-1	
16	424	262	20	20	+1	
1	1410	18	18	18	-1	
36	6285	684	23	23	-1	
13	2594	38	324	324	-1	
17	4871	624	234	244	-1	
12	1652	18	174	174	-1	
15	1628	124	12	12	+1	
34	31	64	64	64	-1	
14	41	264	264	264	-1	
14	18	22	212	22	+1	
4	8158	47	47	47	-1	
27	17	17	17	17	-1	
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27	17	17	17	17	-1	

+1%		-H-	New Image	31	273	55 <sub>8</sub>	65 <sub>8</sub>	55 <sub>8</sub>	-3	TJ Int
+2%	Holding A	65	103	71 <sub>2</sub>	71 <sub>4</sub>	71 <sub>4</sub>				Tokios
+3%				MordgeNet	22	1414	30 <sub>1</sub> <sub>2</sub>	29 <sub>1</sub> <sub>2</sub>	30	

2080  $6^3_4$   $5^3_2$   $6^5_2$

7	1393	5%	85%	5%	+½
2	800	4%	64%	4½	+½
10	170	12%	12%	12%	0
10	100	37	37	37	0
16	209	2½	2	2	-½
14	381	14%	15%	14½	+½
12	7	20	19%	20	0
12	805	7	6%	7	+½
16	1944	23%	22%	23	-½

**- U -**

13	594321	45%	43%	44%	-½
2	795	5	64%	5	+½
13	28	18%	15%	15%	-½
14	335	161	80%	80%	-½
5	60	11	6%	5%	-½
14	45	18½	19½	18½	+½
6	73	44%	44%	44%	0
8	853	24%	25%	25%	+½
3	31	45	3%	44%	+½
8	71	11½	11½	11½	-½
14	139	0	0%	0%	0
12	2105	51%	51%	51%	0
11	546	3%	3½	3%	-½

**- V -**

18	13	17%	16%	17½	+½
7	1159	27%	27%	27%	0
14	1021	23%	21%	21½	+½

27	440	16 1/4	17 1/2	18 1/2	+ 3/4
5	2280	8 1/2	8 3/4	8 5/8	+ 1/2
3	58 1/2	3 5/8	3 3/4	3 5/8	+ 1/2
85	18 1/2	18 1/2	18 1/2	18 1/2	+ 1/2
87	1938	5 1/2	5 5/8	5 3/4	+ 1/2
2	800	4 1/4	4 1/4	4 1/4	+ 1/4
170	12 1/2	12 1/2	12 1/2	12 1/2	
10	130	37	37	37	
16	208	2 1/4	2	2	- 1/4
74	381	14 1/2	13 1/2	14 1/2	+ 1/2
7	20	19 1/2	20	20	+ 4/3
12	805	7	6 1/2	7	- 1/4
76	1044	23 1/2	22 1/2	23	- 1/4

**- U -**

15	254331	45 1/2	45 1/2	44 1/2	- 1/2
2	705	5	4 1/2	5	
18	28	19 1/2	19 1/2	18 1/2	- 1/2
13	238	1 1/2	1 1/2	1 1/2	- 1/2
8	60	10	9 1/2	9 1/2	- 1/2
14	46	18 1/2	18 1/2	18 1/2	+ 1/2
34	73	44 1/2	44 1/2	44 1/2	+ 1/2
9	863	24 1/2	23 1/2	23 1/2	- 1/2
5	31	4 1/2	3 1/2	4 1/2	+ 1/2
8	71	11 1/2	11 1/2	11 1/2	- 1/2
14	130	9	8 1/2	9	- 1/2
12	2000	51 1/2	51 1/2	51 1/2	
11	546	3 1/2	3 1/2	3 1/2	- 1/2

**- V -**

18	13	17 1/2	16 1/2	17 1/2	+ 1/2
17	1159	27 1/2	27 1/2	27 1/2	
14	1021	22 1/2	21 1/2	21 1/2	- 1/2

0	566	28	274	274	
0	46	17	184	17	+ <sub>4</sub>
10	123	224	214	214	- <sub>2</sub>
20	259	17	124	124	- <sub>2</sub>
7	217	18	184	184	- <sub>4</sub>

**- W -**

9	282	26	25	38	+1
3	94	54	54	54	- <sub>2</sub>
6	2317	184	174	174	
7	1380	174	174	174	+ <sub>2</sub>
9	731	244	244	244	+ <sub>2</sub>
5	1611	234	23	234	+ <sub>2</sub>
16	18	434	424	424	- <sub>2</sub>
4	178	34	34	34	+ <sub>2</sub>
1	105	294	274	294	- <sub>2</sub>
7	117	324	314	324	+ <sub>4</sub>
0	125	12	12	12	
12	1232	154	15	154	+ <sub>2</sub>
0	12	34	34	34	+ <sub>4</sub>
2	1731	46	45	454	+ <sub>4</sub>

5	2051	34½	23½	23½	-1
4	23	16½	18½	16½	-½
7	2291	21½	26½	21½	-½
1	385	3½	3½	3½	+½
1	533	5½	5½	5½	+½

**X - Y - Z -**

8	2641	57½	56	58½	-½
1	227	2½	2½	2½	
3	1040	16½	18½	16½	+½
2	748	4½	3½	4½	+½
3	368	37½	26½	37½	+½



# US equities rebound ahead of jobs data

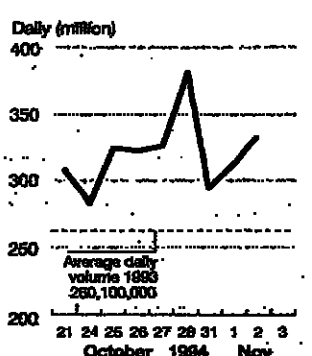
## Wall Street

US share prices posted modest gains as the markets rebounded from three days of losses yesterday morning. Investor sentiment, however, remained subdued as investors awaited today's key employment report, writes Lisa Branstetter in New York.

By 1pm the Dow Jones Industrial Average was up 9.42 at 3846.55. The more broadly based Standard & Poor's 500 was also higher, up 1.41 at 457.92, while the American Stock Exchange Composite was up 0.64 at 454.52. The Nasdaq composite was up 1.59 at 773.41. Trading volume on the NYSE came to 172m shares.

Flat bond prices helped steady share prices, which had taken their lead from declining Treasury prices over the previous three days. Prices on the Dow snapped back 15 points at the opening, making up more than half of the ground lost at Wednesday's close, but then retreated gradually over the rest of the morning.

## NYSE volume



News that the Federal Reserve was continuing to shore up the value of the dollar also supported stocks by boosting investor confidence and stabilising prices in the Treasury markets.

Volume was moderate as investors awaited key employment figures, due today. Some analysts were predicting non-farm payroll figures to rise more than 300,000, slightly more than recent trends. Investors were wary that the Fed could raise interest rates before its November 15 open market committee meeting if the figures showed an increase much greater than expected. A smaller than expected drop in jobless claims eased fears that today's employment figures will indicate a rapidly expanding economy.

Prices of several US retailers were up on stronger-than-expected sales for October. Sears climbed 2% at \$49, the Gap rose 1% at \$36.75, Dayton Hudson by 3% at \$80.75, and May Department Stores by 1% at \$39.75. Wal-Mart, which posted

## S Africa sharply higher

A sharp rise in Johannesburg industrial, and particularly index stocks, was attributed to the IFC's launch of new stock indices for South Africa, although late profit-taking left many prices off their highs.

One analyst said the IFC move gave a fillip to futures trading and that the bullish tone also spilled over to other-worldly gold issues. Recent, good company results, with more to come, were another positive factor.

sales below analysts' expectations fell 4% to \$234.

The Dow was pulled up by moderate increases among its biggest components. General Motors rose 3% to \$39, McDonald's 2% to \$29.95, and Bethlehem Steel was up 1% at \$19.

The financial services group, Kemper Corp, declined 1% to \$49 in the wake of Conoco's announcement on Wednesday that it wanted to lower its bid for the company, raising further doubts about the Indiana-based insurer's ability to complete the deal.

Reports of a boom in its Latin American lending pushed the Bank of Boston up 3% to \$28.5. Some analysts, however, worried that the bank, which wrote off \$200m in loans to the region in 1994 might have too much exposure to relatively unstable markets.

United Health Care, one of the US's leading health care providers, declined 1% to \$48.75 due to profit taking after a year of strong growth. Third quarter results released yesterday were in line with analysts' expectations.

## Canada

Toronto stocks turned negative and the mood became hesitant at midday although the market started the session marginally firmer. The TSE 300 index edged 1.24 lower at 4237.74 at noon in volume of 29.8m shares.

Eight of the market's 14 sub indices were lower. Real estate and construction stocks, under pressure on Wednesday, rebounded by 1.0 per cent but interest rate sensitive conglomerates were marked a percentage point lower.

Methanex was again actively traded, losing C\$4 to C\$19.4.

## Venezuela

Shares weakened in Caracas in slightly better volume than had been seen on Wednesday as the confusion surrounding Electricidad de Caracas's forthcoming share subscription appeared to have been resolved.

The Merinvest index slipped a marginal 0.40 to 141.63.

The national share commission's approval of the one-for-six, \$66m share subscription in Electricidad saw the stock open at 252 bolivars, before slipping back 9 bolivars to close at 243.

## Brazil

Sao Paulo dropped 2.1 per cent in mid-session trade as investors continued to sell on fears of higher inflation in November. The Bovespa index fell 1,034 to 45,975 by 1300 local time in turnover of R\$157.4m (R\$185.9m).

The overall index rose 102 to 5,839, industrials gained 133 or 2.0 per cent at 6,738 and gold picked up 16 to 2,257.

De Beers advanced \$4.50 to \$101, while Anglo added \$5.25 to \$243.

SAB finished \$5.25 higher at \$100 after hitting a new peak for the year of \$105 ahead of expected strong half-year results due next week. Amcoel rose \$5 to \$220, reflecting strong first-half earnings and a bullish outlook.

## EUROPE

# Rhône-Poulenc inspires Paris bourse

Bourses seemed less sensitive than before to US data, perhaps waiting for today's jobs figures; in the afternoon, they were more responsive to the upswing in US share prices, writes US Markets Staff.

Stock-picking seemed to come back into fashion and there were some strong rises in individual stocks.

PARIS regained all of Wednesday's losses with a rise of 2 per cent in what brokers described as a technical rebound. The CAC 40 index ended 37.53 up at 1,911.13. Turnover was FRF3.7bn.

Rhône-Poulenc provided inspiration as it surprised analysts with stronger than expected nine-month results, and the shares rose FRF9.50 or 7.5 per cent to FRF133.90. Analysts upgraded their full-year estimates after a 47 per cent jump in net profits. The chemical company's results were helped by lower tax charges.

There was also good news for Euro Disney, the beleaguered theme park operator, which was twice suspended limit up after reporting a smaller than expected loss for the year to September, before ending the day up FRF1.25 or 18 per cent at FRF16.15.

Elsewhere, Elf Aquitaine, FRF2.50 higher at FRF70.30, said that it had sold a 10.3 per cent stake in Enterprise Oil, of the UK, as expected, and Renault, a 1.5 per cent stake in Renault,

## FT-SE Actuaries Share Indices

Nov 3	Nov 2	Nov 1	Oct 31	Oct 28	Oct 27
FT-SE Actuaries 100	1318.31	1319.25	1318.08	1321.17	1323.39
FT-SE Actuaries 200	1384.08	1385.37	1385.07	1388.34	1391.20
FT-SE Actuaries 300	1318.31	1319.25	1318.08	1321.17	1323.39
FT-SE Actuaries 400	1318.31	1319.25	1318.08	1321.17	1323.39
FT-SE Actuaries 500	1318.31	1319.25	1318.08	1321.17	1323.39

whose partial privatisation began yesterday. The oil group still retains a 12.9 per cent holding in Enterprise.

FRANKFURT moved from a Dax index rise of 9.13 to 2,051.48 on the session, helped by a firmer dollar and stable bonds, to one of 21.46 at 2,051.97 at the end of the trading, lifted further by short covering and a 4.8 per cent rise in west German industrial orders in September.

Turnover fell from DM6.1bn to DM4.9bn. Early strength in financials, automotive stocks, engineers and in Veba, the energy and chemicals group, was extended later.

In financials, Allianz rose DM33 to DM230 on the day, and Deutsche Bank by DM13 to DM742. In automotive, which like a stronger dollar, Volkswagen climbed DM7.10 to DM445 following a big rise in its October US car sales, and MAN by DM4.60 to DM401.50 after saying it expected a significant improvement in current year earnings.

Veba, up DM9.20 at DM503.30, said that it will decide in mid-1995 whether it will list its shares in New York. By then it would have calculated annual results for two years in a row according to US generally accepted accounting principles (GAAP), described yesterday by the Veba chairman, Mr Ulrich Hartmann, as "actually not so bad".

AMSTERDAM was boosted by another clutch of strong results in a week which has given investors in Dutch companies an opportunity to feel confident regarding medium-term prospects for the market. The AEX index moved ahead 4.61 to 410.36.

Philips saw strong US demand after the company reported an impressive set of figures. These showed that it had nearly trebled its profits in the third quarter, helped by high demand in markets such as the Far East and Brazil. The shares rose FL1.80 to FL66.50, while those in the Polygram

subsidiary reaped the benefit by putting on FL2.40 at FL75.50. MILAN eventually regained its upward momentum following Wednesday's losses, still focusing on banks. The Comit index registered a 1.67 fall to 623.87, but the real-time Mibtel finished 79 higher at 10,035.

Morgan Stanley, meanwhile, decided that the time was ripe for investors to revisit Italy, in spite of continuing political uncertainty and the bourse's underperformance in recent months. Mr Richard Davidson, who increased its weighting in the European portfolio, pointed to the outlook for inflation and a further improvement in the current account as compelling reasons to buy, on expectations of a market rebound next year.

BCI gained L109 at L3,570 as analysts concluded that its much heralded bid for control of Ambroveneto was likely to succeed, but some questioned the benefits of the deal for BCI. Ambroveneto was L23 higher at L5,338.

Credito Italiano slipped L5 to L1,594 as it vowed to continue with its L19,000 a share suit for 48 per cent of a reluctant Credito Romagnolo. The latter picked up another L238 to L16,533.

ZURICH marched 1.4 per cent ahead as the stronger dollar brought an improvement in sentiment, and the SMI index rose 34.8 to 2,534.8.

Insurers were mostly firmer

after Winterthur issued a favourable 1994 profits forecast. Winterthur registered picked up SF721 to SF7641 as investors switched from the recently strong Swiss Re, SFR 6 lower at SF7755. Zurich Insurance registered advanced SF737 to SF71,200.

The firm US currency supported chemicals issues. Roche certificates picked up SF160 to SF75,810 and Ciba was SF711 ahead at SF7732.

Among second liners, Schindler bearers rose another SFR45 to SFR1,525, and a SFR40 advance to SF72,560 by Baloise, the insurer, was attributed to speculative foreign buying.

MADRID sprang to life in the afternoon, but the quality of the recovery came into question. In terms of gains, senior blue chips and ADRs took second place to the construction sector and a collection of unrelated issues: these included the stainless steel group Acerinox, up Ptas450 at Ptas1,050; the retailer Pryca, up Ptas80 at Ptas1,265; Tabacalera, Ptas70 better at Ptas3,920; and Viscosa, up Ptas40 at Ptas2,160.

STOCKHOLM fell on rising debt yields, following a controversial government austerity package. The Affarsvarden General index shed 23.80 or 1.6 per cent to 1,447.30.

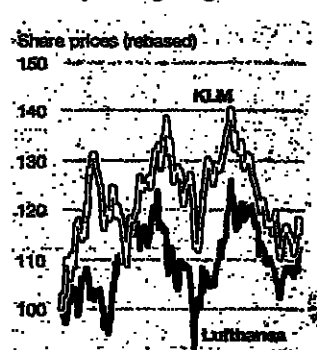
Written and edited by William McGeehan, John Pitt and Michael Morgan

# Airlines boosted by KLM

European airline stocks were pulled higher yesterday by the overall strength in continental European bourses in general and excellent second-quarter results from KLM, the Dutch carrier, in particular, writes John Pitt.

KLM, which announced a net profit of F135m, at the top end of analysts' forecasts, saw its shares rise to a day's high of F149.10, before easing back on profit-taking to F146.00 for a gain of 70 cents.

Meanwhile, Lufthansa, the part-privatised German carrier, advanced to DM194.10 in official hours, before adding a further DM1.40 in post-bourse trading to finish at DM195.50, as it announced that it was following the lead of other airlines by lifting cargo rates to



Source: FT Graphix

## ASIA PACIFIC

# Sydney hit by News Corp preference issue

Wall Street's overnight fall unnerved some Pacific Rim markets, while others were driven by domestic influences. Tokyo was closed for a public holiday.

SYDNEY finished slightly lower, hit by a fall in the share price of News Corp as it began trading its preference share issue. The All Ordinaries index slipped 2.1 to 2,009.1 in turnover of A\$407m.

Brokers said the market opened easier, mainly on weakness in News Corp, and failed to recover, although News Corp regained its balance, adding 3.3 cents at A\$5.85 after being adjusted for the preference share issue.

The media shares sub-index gained 2.1 per cent at 12,321.0, although Fairfax eased 3 cents to A\$2.70.

In a mixed mining sector, CRA declined 14 cents to A\$18.62, MIM finished steady at A\$2.91 and WMC was 2 cents firmer at A\$2.91.

WELLINGTON ended slightly higher in very heavy turnover, boosted by Brierley Investments' raid on Wilson and Horton, publisher of New Zealand's biggest circulation paper, the Auckland-based New Zealand Herald. The NZSE-40 capital index put on 8.70 to 2,117.43.

Brierley's purchase of 25m Wilson shares, amounting to a 25 per cent stake, for about NZ\$245m at NZ\$9.50 a share, lifted turnover to NZ\$297.7m and overshadowed Telecom's first-half results.

Brierley was 2 cents up at NZ\$1.35, while Wilson and Horton rose NZ\$1.25 to NZ\$9.50.

The move had a beneficial effect on Wilson and Horton's opposition, Independent Newspapers, which firmed 40 cents to NZ\$5.30.

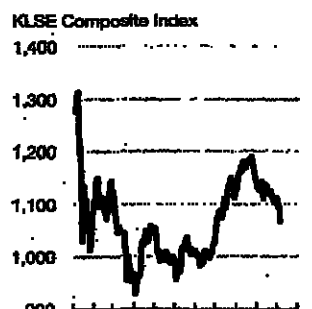
Telecom, which had earlier reported an increase in first-half profits to NZ\$293m from NZ\$251.4m, dipped 3 cents to NZ\$5.65.

KUALA LUMPUR returned after Wednesday's holiday to further selling forced on clients unable to meet margin

calls. This left the market 2.5 per cent lower, the composite index losing 27.12 at 1,066.46, with Wall Street's weak trend also unhelpful.

Some analysts said that

## Malaysia



Source: FT Graphix

although market sentiment was weak, they expected further dips to bring buyers back.

HONG KONG saw some of its early gains erased on profit-taking but the Hang Seng index still finished 40.30 higher at 9,491.96. Turnover was HK\$2.4bn, slightly better than Wednesday's HK\$2.3bn.

Property, banking and construction issues rose on news of an imminent airport funding agreement. Cheung Kong appreciated 30 cents to HK\$36.70, Henderson Land 50 cents to HK\$50.50 and Hongkong Land 15 cents to HK\$19.70.

HSBC Holdings advanced 50 cents to HK\$90.50 and Hang Seng Bank 75 cents to HK\$56.50.

SEKUL closed broadly firmer in spite of a further Won33bn of sales by the securities market stabilisation fund, the composite index adding 11.99 at 1,117.73. Gainers outpaced losers by 565 to 314, with 327 stocks going limit up.

Medium-priced, large-capitalisation shares were in demand. Kia Motors rose the day's limit, Won800, to Won7,500 and Korean Air put on Won700 at Won29,500.

Some securities houses and

banking shares rebounded. But primary blue chips remained weak.

SEANGHAI'S A share index ended 7.8 per cent up on speculative buying after a run of losses in the index since the start of October. The index gained 63.11 at 735.57 after an enlarged turnover of Yn3.0bn, after Yn634.78m on Wednesday.

Brokers described the day's gains as a technical rebound supported by speculators, adding that market fundamentals had not changed.

SINGAPORE's weak performance was attributed to the volatility of the US currency and the fall on Wall Street.

The Straits Times Industrial Index shed 11.99 to 2,352.30, with sentiment also dented by sharp falls in Malaysian stocks traded over the counter.

MANILA retreated sharply at the close on profit-taking sparked by a steep fall in Philippine Long Distance Telephone and Philippine National Bank.

PLDT reported a 13.46 per cent decline in profits in the first nine months, the shares losing 30 pesos at 1,430 pesos, while PNB fell 12.50 pesos to 382.50. Petron slipped 1.50 pesos to 25.50.

The composite index dropped by 35.56 to 3,054.89. Losers exceeded gainers by 55 to 28.

TAIPEI declined in modest trade on short-term profit-taking after a strong rebound on Wednesday, and on political uncertainties ahead of the December elections.

The weighted index ended 36.37 off at 6,306.29 in modest turnover of T\$44,550m.

Export-oriented electronics companies led the falls on the recent appreciation of the Taiwan dollar, with Tecom down T\$3 to T\$51.

Plastics and financials were also weak. But food stocks rose as President Enterprises surged T\$2 to T\$58.50, and marine issues were also strong, with Yang Ming Marine up 90 cents to T\$38.10.

the US by 5.9 per cent from next year.

Mr Chris Avery, aviation analyst at Paribas Capital Markets, commented that the KLM figures showed that the airline was making good progress in reducing costs. He said that he would be raising his full-year forecasts following an analysts' meeting with the company.

The figures from KLM, he added, showed that both cargo and passenger operations had done well, while the reduction in fuel costs had clearly been beneficial. As long as operating costs continued to be trimmed, he said, there was no reason to be other than bullish regarding prospects. Lufthansa, in particular, had plenty of potential for cost-cutting, he remarked.

# CROSBY

The Crosby group is pleased to announce the successful completion of four new issues in October.

**G.N.F.C. of India**

US\$60million GDRs

Lead Manager

**Aboitiz Equity Ventures Inc. of the Philippines**

US\$100million Share Offering & GDRs

Co-Lead Manager

**Shanghai Posts & Telecom of China**

US\$24million Share Offering

Lead Manager

**The Hub Power Company of Pakistan**

US\$175million Share Offering & GDRs

Co-Lead Manager

- Hong Kong
- Singapore
- London
- New York
- Tokyo
- Bangkok
- Kuala Lumpur
- Beijing
- Shanghai
- Shenzhen
- Manila
- Bombay
- Karachi
- Colombo
- Jakarta

COMMITTED TO ASIA

This announcement appears as a matter of record only.

## FT-ACTUARIES WORLD INDICES

Nationally compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries																
REGIONAL MARKETS				WEDNESDAY NOVEMBER 2 1994					TUESDAY NOVEMBER 1 1994				DOLLAR INDEX			
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Point	Yen Index	DM Index	Local Currency Index	Local % chg on prev	Gross Div. Yield	US Dollar Index	Point	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago approx
Australia (68)	171.28	-0.6	154.98	104.22	133.18	153.57	-0.8	3.61	172.44	156.29	105.47	134.43	154.88	189.15	140.25	182.12
Austria (19)	185.97	1.5	167.86	113.09	144.47	144.47	0.7	1.11	182.20	141.20	112.20	141.20	141.20	175.00	135.00	170.77
Belgium (28)	189.05	-0.1	153.99	103.25	132.04	128.92	-0.7	4.28	170.79	158.99	104.48	134.13	129.85	174.01	150.60	151.27
Brazil (28)	177.07	0.1	155.83	107.28	137.58	274.93	0.0	0.75	176.86	160.40	108.17	137.87	274.93	-	-	-
Canada (123)	183.95	-1.0	130.88	100.00	131.41	110	2.58	135.29	152.70	122.70	82.74	108.66	123.70	145.31	120.54	134.34
Denmark (33)	253.39	0.2	228.71	154.00	186.86	201.67	0.0	1.47	252.85	214.54	164.64	187.01	225.78	378.00	239.00	245.00
Finland (10)	198.69	0.6	178.28	120.77	154.21	182.19	0.9	0.73	197.47	179.09	120.77	153.33	190.54	201.41	119.85	125.00
France (101)	169.76	-1.1	153.22	102.22	131.89	136.42	-1.3	3.18	171.68	155.70	106.70	133.83	138.19	185.37	139.84	166.43
Germany (58)	144.71	-0.8	130.62	88.01	112.44	112.44	-1.1	1.64	145.80	132.31	89.23	113.73	113.73	150.40	128.37	134.67
Hong Kong (58)	384.11	-1.2	348.70	233.59	286.45	381.08	-1.2	3.14	388.62	305.55	227.69	305.55	305.55	658.58	341.28	381.28
Ireland (14)	209.97	0.2	188.32	127.89	163.15	182.58	-0.2	3.47	203.61	190.99	128.26	160.43	183.03	216.80	172.05	174.61
Italy (68)	71.77	-0.7	70.20	47.23	60.43	69.39	-0.7	1.75	73.89	72.45	48.66	62.28	91.86	97.78	57.88	68.41
Japan (468)	163.43	-0.2	147.51	99.29	126.99	89.39	-0.7	0.77	153.70	146.86	100.12	127.61	100.12	170.10	124.28	151.77
Malaysia (87)	238.03	0.1	469.82	325.58	416.49	527.40	0.0	1.59	240.45	427.40	327.40	416.49	527.40	658.58	341.28	381.28
Mexico (18)	2085.38	0.0	1891.28	1274.24	1628.03	787.47	0.0	2.54	2095.36	1900.27	1251.82	1633.37	787.47	2647.08	1680.28	1850.14
Netherlands (19)	219.26	-0.9	197.99	133.40	170.44	167.79	-1.2	3.44	221.38	200.75	135.33	172.56	167.79	223.90	180.41	185.74
New Zealand (44)	77.08	0.5	69.65	46.88	59.87	69.29	0.2	3.67	76.70	76.70	46.88	59.87	69.29	100.00	75.00	75.00
Norway (23)	203.79	0.0	183.98	123.29	168.29	188.26	-0.2	1.63	203.79	174.29	124.65	158.83	180.74	211.74	165.52	182.60
Spain (28)	399.61	0.1	369.87	243.13	310.55	270.17	0.0	1.56	399.61	362.32	244.34	311.43	270.17	401.28	294.66	323.03
South Africa (58)	328.00	0.0	296.08	198.47	254.85	283.22	0.8	2.18	327.98	297.44	200.99	255.67	291.06	342.00	202.72	211.00
Sweden (28)	141.93	-1.0	129.11	85.21	110.28	134.01	-1.1	4.35	143.33	129.11	85.21	110.28	134.01	175.00	135.00	170.77
Switzerland (47)	155.69	0.2	149.55	100.79	128.73	127.69	-0.2	1.90	165.26	149.55	101.11	128.30	128.30	172.59	143.84	142.71
Thailand (48)	181.26	-0.8	163.70	110.23	140.92	173.23	-0.7	1.96	180.54	165.55	110.23	140.92	173.23	216.80	172.05	174.61
United Kingdom (204)	205.38	0.1	185.56	125.02	152.74	185.58	-0.4	4.11	205.47	185.56	125.02	152.74	185.58	214.96	181.41	190.23
USA (519)	190.62	-0.3	172.05	115.92	148.11	180.62	-0.3	2.87	191.28	179.07	115.92	148.11	191.28	198.64	176.85	190.77
Europe (684)	178.39	-0.4	162.96	106.48	136.57	148.21	-0.4	2.79	179.00	162.33	106.48	136.53	148.25	-	-	-
Europe (707)	174.89	-0.5	157.85	106.25	135.88	149.18	-0.5	3.13	175.75	159.07	107.49	137.00	150.40	178.00	154.79	160.81
Northern (116)	231.67	-0.2	208.29	141.01	180.16	210.11	-0.2	1.41	232.53	212.53	142.23	181.26	210.11	238.00	178.00	210.11
North America (793)	172.55	-0.2	165.76	104.94	130.77	110.98	-1.8	1.99	172.54	156.66	105.77	132.46	110.98	173.94	141.20	150.52
Europe-Pacific (1508)	187.42	-0.3	159.52	105.46	134.74	125.83	-0.8	1.95	174.00	157.80	105.82	136.64	126.79	175.14	143.68	180.23
North America (1810)	173.10	-0.4	166.88	112.13	143.37	186.56	-0.4	2.85	187.01	170.32	112.13	144.86	187.25	192.73	176.67	187.57
Europe-Pacific (923)	186.74	-0.3	164.59	105.94	134.59	125.83	-0.8	1.95	174.00	157.80	105.82	136.64	126.79	175.14	143.68	180.23
Europe-Pacific, Japan (329)	251.74	-0.6	238.26	158.17	203.27	232.06	-0.7	2.74	263.17	238.67	160.99	205.15	233.58	298.21	232.54	245.00
World Excl. US (1708)	176.02	-0.3	157.97	106.43	136.98	129.51	-0.7	1.98	175.62	159.27	107.41	136.90	130.45	176.65	145.61	161.27
World Excl. UK (1708)	176.02	-0.3	157.97	106.43	136.98	129.51	-0.7	1.98	175.62	159.27	107.41	136.90	130.45	176.65	145.61	161.27
World Excl. Japan (1759)	189.53	-0.4	171.19	115.32	147.34	177.03	-0.5	3.00	190.42	172.12	115.32	147.34	177.03	192.00	175.88	181.88
The World Index (2229)	178.16	-0.3	161.21	106.95	132.90	148.97	-0.2	2.97	179.78	162.04	106.95	132.90	148.97	192.00	175.88	181.88